FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,326 — Monday May 21 1984 — D 8523 B

Steelmakers come back from the brink, Page 20

NEWS SUMMARY

GENERAL

Soviets call for space arms ban

Soviet President Konstantin Chernenko called for immediate talks to ban space weapons, in a letter to a group of U.S. scientists published in Soviet newspapers yesterday.

He called for talks without conditions or reservations.

Meanwhile, the U.S. Defence Department said there was nothing new in the warning given by Soviet Defence Minister Dmitri Ustinov that its submarines off the U.S. coast could deliver n nuclear strike to American targets within 10 minutes. It said the U.S. Government had long estimated it would have five to seven minutes warning of a Soviet nuclear strike from the sea. Page 2

West German Foreign Minister Hans-Dietrich Genscher is due in Moscow today to urge the Kremlin to resume nuclear arms limitation talks with the U.S.

84 die in Bombay

Deaths after two days of sectarian violence in Bombay had reached at least 84 last night. Earlier story, Page 2

Floods hit 1.5m

Floods in North-east India and Bangladesh killed 85 and left 1.5m homeless.

TUC role in strike

Britain's Trades Union Congress (TUC) is now anxious to play a role in settling the miners' strike, which is entering its 11th week. There are no signs that the left majority in the miners' leadership is ready for compromise. Page 9

Israel bombs base

Israeli aircraft bombed a missile base in Syrian-held Lebanon, in the Bekaa valley 3km from the Syrian border. Israeli soldiers shot dead a Lebanese civilian and wounded two others in Sidon after a patrol was attacked with grenades. Page 2

Peron returns

Peronist party leader Maria Estella Peron arrived back in Argentina from exile in Spain for talks with President Raul Alfonsin aimed at achieving a consensus on economic and political issues. Page 3

Vietnamese claim

Vietnam says its forces have killed wounded or captured 500 Chinese troops along its northern border since early July.

Yu leads Taiwan

Taiwan's Nationalist party has nomed economist Yu Kuo-Hwa as premier in succession to Sun Yun-Suan, who suffered a stroke three months ago. Page 2

Miners meet

Mining trade union leaders from 49 countries met in Paris under the chairmanship of Britain's Arthur Scargill to discuss setting up an international body.

Soviet soldiers stay

Two Soviet soldiers, who have completed two years' internment in Switzerland after capture by guerrillas in Afghanistan, are being allowed to stay.

Mass execution claim

Left-wing Iranian opposition group Mujahedin said that more than 400 political prisoners were executed in Evin prison, Tehran, on May 1.

Hunger strike over

The Socialist mayor of Briançon in the French Alps ended n five-day hunger strike after the Government blocked o decision to close n local aluminium factory.

BUSINESS

Swiss to keep banking secrecy

SWITZERLAND rejected by about three-to-one in a national referendum a Socialist Party move to end banking secrecy, and by about 55-45 a National Action Party proposal to ban sale of residences to foreigners. Page 20

SPAIN is considering easing the protection it gives to its commercial vehicle industry. Page 20

VENEZUELA today raises the price of its heavy crude oil by an average of $0.63 a barrel to $24.65.

THE D-MARK was slightly easier in the European Monetary System last week, and remained depressed by a strong dollar. Fears of a disruption in oil supplies after Gulf war attacks on tankers boosted the dollar late in the week. Earlier, central bank intervention had helped to contain the dollar's rise.

The D-Mark's softer trend effectively removed any downward pressure on the weaker members such as the Belgian franc.

Although the Belgian franc remained the weakest currency in the system, it was placed comfortably above its lower divergence limit.

EMS ~ May 18, 1984

GRID

ECU Divergence

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

BRAZIL and China are to sign an agreement for nuclear co-operation including prospecting for uranium and building and operating power stations. Page 4

BRAZILIAN steel industry chiefs are trying to persuade Britain's Davy Corporation and merchant bankers Morgan Grenfell to put n further $120m into the first phase of the unfinished $5.6bn Acominas integrated steelworks in Minas Gerais state. Page 4

DENMARK today launches a $1bn standby credit to replace a large part of its existing undrawn loans. Details, Page 21

EUROROUTE consortium will attack the report by five UK and French banks on the financing of a Channel tunnel which is to be published tomorrow. Page 39

TRADE UNIONS in industrialised countries will press for higher employment and control of technological change at the world economic summit in London on June 7-9. Page 9. Editorial comment, Creating jobs in Europe, Page 18

LORD PENNOCK, president of the Confederation of British Industry from 1980-82, will take over next month as president of Unice, the union of European industries. Men and Matters, Page 18

The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news.

Latin Americans step up demands on debt and trade

BY ANDREW WHITLEY IN RIO DE JANEIRO

Prospects of a head-on clash between Latin America's leading debtor countries and Western governments over interest rates and trade protectionism have risen sharply, follwing the release at the weekend of an unprecedented, tough statement by the presidents of Brazil, Mexico, Argentina and Colombia.

The four heads of state warned that high international interest rates and the proliferation of protectionism were threatening the trend towards democracy in Latin America as well as the economic security of the continent.

"Our countries cannot accept these risks indefinitely. We do not accept being pressed into forced bankruptcy and n prolonged economic paralysis," the joint statement said.

Foreign and finance ministers from the four countries are to meet next month to discuss common action over their grievances. Other Latin American countries are being invited to attend.

The four signatory countries, which together have an external debt of about $240bn, called on the industrialised world to adopt concrete measures to bring about "substantial changes" in their financial and international trade policies. A concerted effort should be begun without delay, they urged in a statement issued simultaneously in Brasilia, Mexico City, Buenos Aires and Bogota.

In particular, they said Latin America's debtors must obtain "adequate" amortisation and grace periods on debt repayments, as well as reduced interest rates and other financial charges.

Last week, U.S. President Ronald Reagan, and Mr Donald Regan, U.S. Treasury Secretary, in separate forums, both rejected the possibility of any fundamental changes in debt renegotiation schemes. President Reagan dismissed the concept of artificially-set limitations on interest payments, an idea which has been gaining considerable support in Latin America, among government officials and bankers, in recent weeks.

In a pointed reminder to creditor governments of the adjustment efforts made by many Latin American countries since the crisis erupted in August 1982, the presidents said: "We were the first to demonstrate our diligence in fulfilling our financial commitments in ways compatible with the interests of the international community."

But, they declared, successive increases in interest rates, the prospect of new increases and the proliferation of protectionist measures had created "a sombre panorama for our countries and for the region as a whole."

The Brazilian Foreign Ministry said the joint action being taken did not signify a common renegotiation of their debts.

Jimmy Burns in Buenos Aires adds: According to informed sources in Buenos Aires, the need for a co-ordinated Latin American response was first raised in detail during a secret Cabinet meeting led by Sr Raul Alfonsin, the Argentine President, 10 days ago soon after the announcement of the U.S. interest increase.

Japan ready to ease restrictions on yen

BY ALAN FRIEDMAN IN ROME AND JUREK MARTIN IN TOKYO

THE U.S. and Japan are on the brink of agreeing on the long-sought liberalisation of the Japanese capital market and of the country's currency.

Mr Donald Regan, the U.S. Treasury Secretary, said in Rome at the weekend that crucial talks will be held today and tomorrow in the Italian capital and a text of the agreement could be published next week.

A senior Bank of Japan official confirmed that agreement was very near. Mr Regan said that his deputy, Mr Beryl Sprinkel, would meet today and tomorrow with the Japanese Vice-Minister of Finance in Rome with the aim of achieving an agreement to be presented to Mr Regan and his counterpart in Japan in Wednesday.

The U.S. Treasury Secretary, in Rome to attend a meeting of the Finance Ministers and Central Bank Governors of the Group of Ten, (which also includedSwitzerland as an eleventh member) industrialised nations, said the U.S. objective was to see the Japanese yen develop as "an international currency" and "to open up the Japanese market."

The Japanese central bank official said the outline of the accord included provisions allowing foreign banks more access to long-term funds in Japan and expanding the Euroyen market by allowing more Japanese currency to be held outside Japan.

It is generally believed in Tokyo that the U.S. and Japan have effectively agreed to shelve what had become the most controversial aspect of their financial negotiations – the imposition by Japan of its 20 per cent withholding tax on most Euroyen issues.

The agreement to which Mr Regan referred will probably include n Japanese commitment to continue to study the repeal of the withholding tax on overseas yen instruments, but no firm promise beyond that.

Japan has consistently maintained that the U.S. demand that the tax not be applied constituted a fundamental threat to Japanese financial and monetary controls. It has also pointed out that Eurodollar issues are subject to U.S. withholding tax and that the U.S. was asking of Japan what it was not itself prepared to concede.

Mr Regan's attitude in Rome also suggests, from the Japanese perspective, that the U.S. Administration has imposed a political solution on what had been dogmatic and stringent Treasury arguments.

This, it is seen in Tokyo, reflects both the U.S. and Japanese political calendars with President Ronald Reagan and Mr Yasuhiro Nakasone, the Prime Minister, feeling the need to be able to present some form of agreement on bilateral disputes to their respective constituencies in advance of their re-election contests in November.

Even so, Japan is undoubtedly in the process of making, by its standards, several important concessions. These are likely to include creation of a meaningful Treasury bill market, general relaxation of the terms on Euroyen issues, possibly permitting foreign exchange broking along Western lines and allowing, though not on the terms originally advanced by the U.S. foreign bank entry into the Japanese pension fund market.

Saturday's day-long Group of Ten ministerial meeting ended in Rome without any agreement, but with ministers promising to pursue a study of measures needed to improve the workings of the international monetary system.

The meeting discussed a report by the G-10 deputies committee on the functioning of floating exchange rates, on ways to strengthen International Monetary Fund (IMF) surveillance of countries, on the issue of international liquidity and on the future role of the IMF

IG Metall agrees to new talks

BY JAMES BUCHAN IN BONN

A RAY of hope appeared for the embattled West German motor industry at the weekend when IG Metall, the 2.6m-strong engineering union, said it would resume talks over n shorter working week.

The union's acceptance of the employers' offer to hold a third round of high-level talks will however, not, prevent the week-long strike from spreading to the areas around Frankfurt, where the union will today call out 33,000 workers at plants supplying components to the motor industry.

Local employers in north Baden-Württemberg, where more than 13,000 IG Metall members have been on strike since last Monday, say they will lock out 65,000 employees from tomorrow.

The industrial atmosphere was further poisoned at the weekend when a local official of the printers' union, which is also demanding a 35-hour week, was injured after being run over by n delivery van while picketing a Stuttgart newspaper.

Herr Erwin Ferlemann, the chairman of the IG Druck printers' union, was bitterly criticised by the Government and employers at the weekend for "press censorship." Herr Ferlemann told the party congress of the Social Democrats (SPD) that he would try to ensure that the Süddeutsche Zeitung, a newspaper sympathetic to the SPD, escaped disruption which affected several Saturday and Sunday newspapers.

IG Metall is still insisting that talks with employers take place only at regional rather that at national level.

However, the union is coming under increasing pressure not only from the threat to its strike chest of lock-outs, but also the decision by the Federal Labour Office that it would not pay short-time or unemployment benefit to workers affected by the closures in the motor industry.

As many as a quarter of million people could be out of work by mid-week as Volkswagen and Daimler Benz follow BMW and Audi in closing their vast assembly plants in response to the shortage of components.

A number of unions have called for warning strikes and marches in solidarity with IG Metall and the printers, including the catering union, the railwaymen and white-collar bank employees.

IMF and Nigeria fail to reach loan terms

By Quentin Peel, Africa Editor, in London

TALKS BETWEEN Nigeria and the International Monetary Fund (IMF) have ended inconclusively in Lagos, without any agreement on the $3bn standby credit being sought by the Nigerian Government.

The seven-man IMF team left the Nigerian capital at the weekend, a week earlier than expected, without having come significantly closer to agreement on the economic stabilisation package to back the three-year loan.

However, a senior Nigerian official insisted yesterday that the talks had not broken down, that progress had been made, and that a further meeting had been arranged.

The talks in Lagos were scheduled to last 2½ weeks, and were expected to produce an agreement on the terms and conditions of the loan. Negotiations began more than 12 months ago. Nigeria has asked for an extended fund facility of between $2.6bn and $3.2bn, to bridge a continuing balance of payments deficit.

The failure to reach a conclusion is likely to reinforce growing pessimism among bankers and businessmen in Nigeria about the prospects for any agreement, with three fundamental issues unresolved.

The IMF is seeking a devaluation of the naira, a reduction in subsidies for petroleum products, and some liberalisation of trade restrictions, all of which are opposed by the military regime in Lagos.

The inconclusive result is also likely to cause problems at the talks scheduled to take place in London on Thursday between Nigeria and its major trading partners, to agree on terms for rescheduling trade arrears which have been guaranteed by the major Western export credit agencies.

The leading agencies, including Britain's Export Credits Guarantee Department, France's Coface, and West Germany's Hermes, have insisted that they would only do a deal if Nigeria also reached agreement on an IMF-backed programme. They will be asking for details of what progress has been made.

Denmark launches $1bn standby credit, Page 21

U.S. fears Saudi entry in Gulf war

BY OUR MIDDLE EAST STAFF

FEARS ARE growing in Washington that the next major development in the Gulf conflict could be the direct involvement of the Saudi air force. Saudi Arabia and Kuwait were reported to be flying reconnaissance sorties over shipping lanes at the weekend as Iraq sank another bulk carrier in the area.

Irak's attack on the 16,857-ton Panamanian-registered Fidelity served emphatic notice that it would not cease attacks on vessels visiting Iranian ports. The vessel, which was carrying a cargo of steel from Spain, went down about 20 miles south of Bushire.

Iraq's determination to intensity its siege of Iranian ports was emphasised by the official newspaper Al Jumhuriya, which said in an editorial that further air strikes would be launched to force Iran to the negotiating table. In future, attacks would be stronger and more powerful "to force the Iranian regime into a dreadful corner that will leave it no way out but peace."

Saturday's sinking pre-empted any pan-Arab moves to persuade Iraq to desist from such attacks.

President Ali Khamenei of Iran yesterday repeated Teheran's new policy of threatening all sea traffic in the Gulf in retaliation, declaring that "the waters are (either) all secure or all insecure." Mr Mir Hossein Musavi, Prime Minister, was quoted as saying: "Our policy is to deal a stronger blow against any blow."

The Iranian newspaper Kayhan International warned that Iran would have to act against Saudi Arabia and Kuwait soon if they did not re-assess their policy of supprt for Iraq. "Militarily speaking, they are weaker and more penetrable than they think," it said.

Kayhan International claimed that Iran had "strong winning cards inside these two countries" – a reference to the Shia minority Moslem communities in Saudi Arabia and Kuwait.

Fears about the involvement of the Saudi air force follow the rocketing by an Iranian aircraft last Wednesday of the Saudi-owned Yanbu Pride near the Saudi port of Ras Tanura. Saudi F-15s scrambled but did not receive early enough warning to intercept the attacking aircraft.

Saudi Arabia and the conservative Arab oil producers of the Gulf have so far refused a U.S. offer of air cover made towards the end of April. Acceptance would involve providing base facilities, which the Arab states would want to take only as a last resort.

Iraq's Arab allies in the region are meanwhile preparing themselves for enforced participation in the conflict.

In a statement at the weekend, Sheikh Salem al Sabah, Kuwait's Minister of Defence, warned that his Government would defend the state's territory at any expense. He said that "defence co-ordination has been continuing in an intensified manner with the Gulf Co-operation Council states to confront any aggression on any member-country."

Arab foreign ministers, meeting in Tunis, called on the United Nations Security Council to take "firm and clear" action to put an end to the widening crisis and compel Iran to abide by previous UN calls for peace.

Prince Saud al Feisal, Saudi Foreign Minister, told the meeting that developments in the war "demand immediate action with adequate and necessary means because it is no longer possible to remain a spectator."

Syria and Libya both dissented from the resolution condemning Iranian agression, however.

Good tidings for Iraq came from one unlikely quarter. In Jerusalem, an official spokesman said that Israel had given the U.S. a guarantee that it would not attack the oil pipeline which Iraq plans to build to the Jordanian port of Aqaba.

Meanwhile, with shipping traffic said to be reduced throughout the Gulf, several of the region's oil buyers were reported to be pressing some producer states for discounts on their oil purchases to take account of the new insurance premiums.

Japanese buyers are believed to be putting pressure on Kuwait, and there are unconfirmed reports that two customers, the national petroleum companies of Korea and Taiwan, are deferring a portion of their liftings.

Test for Arab fundamentalists, Page 4; Shipowners' fears, Page 7

Only someone on the right course can help you with yours.

A universal bank has the right instruments to determine your exact position and help plot the best course to your goal. The coordinates of our branch system dot the globe.

Among our comprehensive services are time and notice deposits in all major currencies, short, medium and long-term loans (overdrafts, straight and roll-over loans, acceptance credits in £-stg, US $, DM and other Eurocurrencies with special emphasis on trade finance and forfaiting), placement and trading in foreign securities such as Euro-bonds, convertibles etc., foreign exchange, and international portfolio management.

Whenever and wherever you encounter problems with complicated international financing, contact the Deutsche Bank.

We'll put your business on a proper course.

Deutsche Bank AG, London Branch, 6 Bishopsgate, P.O. Box 441, London EC2P 2 AT, Tel.: 283 46 00

Deutsche Bank

A century of universal banking

CONTENTS

Overseas 2-4
Companies 22
World Trade 7
Britain 9-12
Companies 24
Appointments 22
Arts – Reviews 17
– World Guide 17
Crossword 34
Construction 33
Currencies 38
Editorial comment 18
Eurobonds 21
Financial Futures 38
Insurance 33
Int. Capital Markets 21
Letters 19
Lex 20
Lombard 19
Management 14
Men and Matters 18
Money Markets 38
Stock markets – Bourses 32
– Wall St 30-32
– London 36, 37
Technology 5
Unit Trusts 34, 35
Weather 20

Middle East: first test for the fundamentalists 4
Editorial comment: jobs in Europe; German politics . 18
UK corporate tax: did the budget help? 18
Brazil: the Carajas iron ore gamble 19
Lombard: the search for EEC cash limits 19
Lex: a bank raid in Chicago 20
U.S. bonds: which way will the Fed jump? 22
World banking Survey .... Section III

Fax leaves other delivery systems standing.

Dial a phone number, press a button, and NEFAX sends any A4 document, drawing or manuscript anywhere in the world in just 20 seconds. Through your existing phone system.

No mail, messenger or courier system can match it for instant, accurate business communications. And no other fax company can match NEC – far and away the market leader in Britain, with its own national sales and service network.

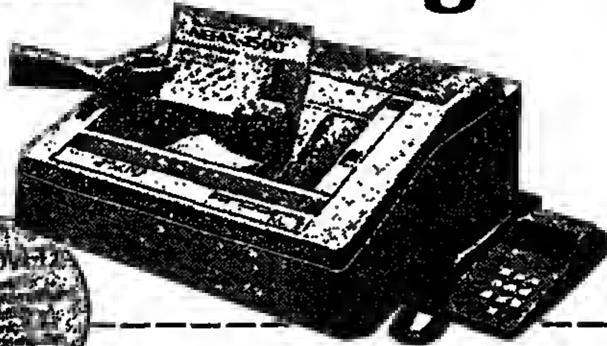
See an NEC NEFAX system at work in your own office. See how easy it is to use. See how it could be your day-or-night hotline to important clients, vital suppliers, branch offices. See what it could save you in messenger expenses, typing and telex time. And, like thousands of companies in Britain alone, move your business into the age of NEFAX – the electronic mail delivery system.

UK: NEC Business Systems (Europe) Ltd., NEC House, 164/166 Drummond Street, London NW1 3HP. Telephone: 01-388 6100.

(Ireland: Cara Data Processing, 21 Viscount Avenue, Airways Industrial Estate, Cloghran, Dublin. Telephone: 429666.)

3 letters spell progress

NEC



NEFAX

ADVANCED FACSIMILE SYSTEMS

Please arrange a free demonstration of NEFAX in my office ☐

Please supply further information ☐

Name ____ Company ____

Address ____ FT/21/5/84

Tel ____

Which location would your computer recommend?

It would probably tell you that your most logical move is to Livingston, in the heart of Scotland's Silicon Glen.

This young town has already attracted almost 200 thriving companies. Including N.E.C., who regard Livingston as the best location in Europe, and Burroughs, who've expanded 100% since setting up here. Shin-Etsu, Mitsubishi Electric, Johnson & Johnson, Sperry, Burr Brown and N.L. Industries are a few of the others who've experienced similar success.

Of course, before your computer could make any recommendations, you'd need to feed it a lot more information.

For all the facts, send the coupon today.

To: James Pollock, Commercial Director, Livingston Development Corporation, West Lothian EH54 7AD. Tel: 0506 414177.

Name ____

Position ____

Company ____

Address ____

FT1

MAKE IT IN LIVINGSTON

Europe's most logical location.

SEE US AT INTERPHEX, BRIGHTON. 26th-29th JUNE, 1984. STAND NO. 4104.

OVERSEAS NEWS

Death toll mounts to 84 in Maharashtra

BY IAN HARGREAVES IN BOMBAY AND JOHN ELLIOTT IN NEW DELHI

POLICE opened fire on rioting crowds in seven areas of Bombay yesterday as a renewed wave of sectarian violence struck the financial and business centre of India.

Mrs Indira Gandhi, the Indian Prime Minister, is visiting the area for two hours this morning, when she will make an aerial survey from a helicopter, then meet a peace committee and Government officials.

At least 84 people are known to have died in sectarian rioting which began on Thursday in the textile town of Bhiwandi, 25 miles from Bombay.

As the army moved into Bhiwandi, the violence spread into the heart of Bombay itself. Ten people, including one police officer, were killed and a curfew declared over large areas of the city.

According to yesterday's Times of India, Bombay was shivering with fear and anxiety "the like of which has not been witnessed since independence."

The origin of the trouble blends elements of farce and tragedy which have become familiar in other areas of sectarian strife in a sub-continent which is still struggling to find a coherent identity.

It began with an anti-Islamic speech, whose precise contents no one now appears to know, by Mr Bal Thackeray, a former cartoonist turned politician who heads a predominantly Hindu organisation called Shiv Sena. *This group, named after a local king who did battle with both* the Moguls and the British, mobilises around the slogan "Maharashtra for the Maharashtrans." Maharashtra is the *state in which the seven linked* islands of Bombay are set.

Unfortunately, Maharashtrans comprise no more than 40 per cent of Bombay's 8m inhabitants. The conflict was compounded when a member of the state parliament, a Maharashtran but also a Moslem, got involved in a protest march during which Mr Thackeray's portrait was seen with a garland of chappals (leather sandals).

This peculiarly Indian version of putting the boot in prompted Shiv Sena to declare a "bandh"—when shopkeepers are supposed to roll down their shutters in non-violent protest. But then Shiv Sena "goondas" (thugs) moved in to persuade reluctant shopkeepers, rival partisan flags were flown and stones and soda bottles started to fly. Within hours, the normally unarmed police had opened fire, lorries were burning, and much of the city had become a no-go area.

Although events in Bhiwandi have been far more horrific—27 people were doused in kerosene and roasted alive on Saturday — it has been the threat of violence engulfing India's richest city which has alarmed politicians and community leaders.

By Saturday afternoon, as offices and shops even in the smartest districts closed early to allow employees to reach home before nightfall, it was widely believed that Bombay would undergo its first citywide curfew for many years.

By yesterday morning, both roads were open and the scene outside the central Bombay mosque where the worst trouble began had been restored to a smouldering calm.

But the uneasy calm was broken later in the day as police opened fire on rioting crowds in seven areas of the city. There were also reports of violence in the Maharashtran town of Thane.

Heavy turnout in Indian state assembly elections

BY D. P. KUMAR IN NEW DELHI

The Prime Minister, Mrs Indira Gandhi, faced a test of her popularity as some 23 constituencies across the length and breadth of India go to the polls this weekend in by-elections for 14 State assemblies.

Heavy polling with turnouts of between 60 and 75 per cent was reported from many areas. The polling was generally peaceful, apart from some incidents in West Bengal and Andhra Pradesh.

The polling is spread over the State of Kerala and Tamil Nadu in the south to Bengal in the East, where Mrs Gandhi's ruling Congress (I) is traditionally weak, to Hindi-speaking Uttar Pradesh in the north and Madhya Pradesh in central India which are her strongholds.

The State assembly elections are being regarded as a dress rehearsal for the general election to the Lok Sabha or lower house of Parliament in January, when the five-year term of the present House will be over.

The stakes are high for all the political parties, some of which have combined to put up joint candidates against the ruling party.

An important battle will be fought in the Malihabad constituency of Uttar Pradesh, where the Congress (I) candidate is pitted against a Sanjay Manch nominee put up by the Prime Minister's estranged daughter-in-law, Mrs Maneka Gandhi. In December Mrs Maneka Gandhi's party wrested an Uttar Pradesh seat from Congress (I) for which the Prime Minister has not forgiven the constituency.

Pledge on Philippine crisis plan

By Emilia Tagaza and Chris Sherwell in Manila

PHILIPPINE President Ferdinand Marcos, claiming a popular mandate for his party in last week's parliamentary elections, said yesterday that he assumed full responsibility for measures to tackle the country's economic crisis and warned of more austerity moves to come.

In a nationwide live telecast, Mr Marcos *admitted* last week's increase in prices of petroleum products was a "politically unpalatable" move after the elections, but was essential to reduce the risk of economic dislocation. He said the 6-10 per cent increases were intended to dampen demand for oil in order to reduce the import bill and counter the foreign exchange crisis.

"The Government must sometimes tell the people what must be done, assume the odious burden and accept the unpalatability of the measures," he said. Hinting at further austerity measures, Mr Marcos said the Government had to *absorb much of the liquidity* that has pushed up the inflation rate now estimated at above 40 per cent.

Control of liquidity and domestic credit are among the major conditions attached to a SDR 615m standby credit from the International Monetary Fund (IMF)

Israel resumes bombing raids in Bekaa Valley

BY OUR TEL AVIV CORRESPONDENT

ISRAELI WARPLANES yesterday resumed bombing raids over Lebanon after a six-week lull, striking at targets only a few miles from the Lebanese-Syrian border. A military spokesman said the attacks were aimed at a camp used by Iranian-backed guerrillas in the hill village of Janta in the Syrian-controlled Bekaa Valley.

However, Beirut's Christian "Voice of Lebanon" radio station said one target was a base *defended by Soviet SAM ground* to air missiles. Only the Syrians are believed to be equipped with the missiles.

The radio said ambulances rushed casualties to hospitals in Baalbeck and said that there had been at least one death, and one injured. It said that flames could be seen rising from the village of Deir Al Ghazal all the way to Yanta, about 15 kilometres east of the town of Zahle.

The Israelis claimed that their planes scored accurate hits on buildings in the Janta guerrilla camp which they said was being used as a training base and a launching pad for attacks on Israeli units.

Israel has charged that Shi'ite Muslim guerrillas carried out last November's devastating car bomb attack that killed 61 people at an Israeli base in South Lebanon, and has since repeatedly struck at the guerrilla camps.

During the past month or so, Israel has appeared anxious not to fuel tension with Syria, which has repeatedly alleged that the Israelis are preparing for war.

The last raid was on April 7, when the air force bombed Palestinian targets in retaliation for a *gun and grenade attack in* central Jerusalem which left one Israeli civilian dead and 47 wounded.

Reports reached Beirut last week that Iranian revolutionary guards had left the Bekaa under Syrian pressure. Some residents confirmed that the Iranians were no longer there. However, Mr Hussein Musavi, the leader of Islamic Amal, a radical breakaway faction from the mainstream Shi'ite Amal group with strong links to Tehran, denied the reports.

LEBANON'S new cabinet approved a draft policy statement during a weekend session held in the scenic summer residence of President Amin Gemayel, in Bickfaya, but little was revealed about its content, writes Nora Boustany from Beirut.

Most Lebanese remained sceptical about any firm solutions to the country's problems, as the airport remained closed and only one crossing was accessible between mainly Moslem west and Christian east Beirut.

Party names next Taiwan premier

By Robert King in Taipei

TAIWAN'S Nationalist Party has named veteran economist Yu Kuo-Hwa as Prime Minister. He succeeds Sun Yun-Suan, who suffered a serious stroke three months ago.

The *appointment came hours* after President Chiang Ching-Kuo, son of former President Chiang Kai-Shek, was sworn in for a second six-year term.

Yu's appointment is likely to be approved by the legislature later this week.

The appointment virtually assures that Taiwan will continue on its present course of building up its economy. Yu, a graduate of the London School of Economics, has served as chairman of the central bank since 1969 and has been chairman of the Council for Economic planning for six years. He was once Finance Minister and has played key roles in international financial institutions such as the IMF

Yu is known for his conservative economic and financial policies and is credited with much of the Government's success in lowering the inflation rate

FINANCIAL TIMES, USPS No 190640 published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Speak french in three weeks.
Speak le français in three weeks.
Parlez le français in three weeks.
Parlez le français en trois semaines.

Isn't it hard enough competing for business abroad without a language barrier adding to your problems?

Yet at Berlitz learning French, or any other language, couldn't be easier.

Opt for a 'Total Immersion' course and you could be speaking your chosen language in as little as three weeks. Or, if you prefer, you can learn at a more leisurely pace.

Either way, there's no quicker way of learning than with the Berlitz method.

What's more, because you're taught on a one-to-one basis, we can tailor your course to your specific business needs.

For a free demonstration lesson, ring us on one of the numbers below.

Et voilà! Before you know it you'll be speaking a foreign language.

BERLITZ®

LONDON (01) 580 6482 BIRMINGHAM (021) 643 4334 EDINBURGH (031) 226 7198 LEEDS (0532) 435536 MANCHESTER (061) 228 3607

OVERSEAS NEWS

West German car production losing momentum

BY JOHN DAVIES IN FRANKFURT

WEST GERMAN motor vehicle production, now being disrupted by the country's worst labour conflict since 1978, has already been losing some of its momentum in recent months.

The Automobile Industry Association (VDA) says that vehicle output has been slipping back, once adjusted for seasonal factors, since January.

Production of cars and commercial vehicles last month, hit as usual by public holidays, fell to 347,500, compared with 405,000 in March.

Output was also well down on April last year, when nearly 359,000, vehicles came off the assembly lines. It is the first time this year that vehicle production has fallen significantly below output in the corresponding month last year.

West German factories produced 23,500 trucks and other commercial vehicles last month, still a relatively low level but little changed on the previous month or on April last year.

The assembly lines turned out 324,000 cars, 57,000 fewer than in the previous month and nearly 12,000 fewer than in April 1983.

Despite signs of slackening momentum, West German vehicle production in the first four months of this year at 1.55m is 9 per cent ahead of a year earlier. Production early last year was still at a low level, with the industry just beginning to reap the benefits of a revival of sales in West Germany and with sales in some export markets still restrained.

One of the motor industry's worries this year has been the trend of car sales in West Germany in the last few months.

In March the number of newly registered cars was 7.1 per cent below a year earlier.

The VDA says that car sales showed a slight recovery on the domestic market last month, although they were still lower than last year. On the other hand, export demand for cars remained strong, but truck exports were still unsatisfactory.

Output at Citroën plant likely to resume today

BY DAVID MARSH IN PARIS

PRODUCTION is expected to resume today and tomorrow at four Citroën car plants around Paris following a decision by workers at the weekend to call off occupation of the factories which halted output last week.

The decision, announced by the Communist-led CGT trade union after workers at the Aulnay plant north of Paris on Saturday voted to suspend their action, followed a conciliation move on Friday by M Pierre Beregovoy, the Social Affairs Minister.

M Beregovoy turned down the bid by Citroën, part of the loss-ridden private sector Peugeot car group, to sack 2,000 workers as part of its plan to reduce the company's employees by 6,000 this year.

By allowing Citroën to proceed with 4,000 job cuts through early retirements and other more socially acceptable measures, M Beregovoy hopes to win support of both the company and the unions for lower working hours at the plants in order to cut Citroën's labour surplus.

The Government is also trying to persuade more immigrant workers – primarily from North Africa – to accept cash incentives to return to their countries.

M Pierre Mauroy, the Prime Minister, is due to meet M Jacques Calvet, the chairman of Peugeot's operating divisions, today to discuss a permanent solution to the Citroën conflict. The Government, unions and management wish to avoid the violence at the Poissy plant west of Paris which marred a similar dispute over workforce cuts at Peugeot's Talbot subsidiary.

Workers at the four plants – at Aulnay, Levallois, Asnières and Nanterre – left the factories peacefully at the weekend.

M Beregovoy stressed that his objective was "to limit the number of sackings" – an indication that the company's plans for outright redundancies has not been rejected

More Soviet submarines stationed off U.S. coast

MARSHAL DMITRY USTINOV, the Soviet defence minister, yesterday said that Moscow had stationed more submarines off the U.S. coast. He warned that the number of missiles on Soviet soil and in East Europe would be increased each time cruise and Pershing rockets were deployed in the West, Agencies report.

In an interview with Tass, the official Soviet news agency, Marshal Ustinov said the Soviet union could deliver a nuclear strike on U.S. targets in less than 10 minutes.

He said that President Reagan's policy of strength over Moscow would never wring concessions from the Kremlin and made arms control talks "impossible."

● Soviet President Konstantin Chernenko called for talks to start on a ban on space wagons in a letter to a group of U.S. scientists published today.

Lisbon food prices up

THE PORTUGUESE Government increased bread and milk prices by between 18 and 20 per cent over the weekend, further toughening an austerity drive aimed at curbing massive public deficits. Peter Wise reports from Lisbon.

Sr Alvaro Barreto, the trade minister, said the increases were made to offset a 35 per cent depreciation of the escudo against the dollar since last July.

Brandt re-elected

Former Chancellor Willy Brandt was re-elected yesterday as the chairman of the West German opposition Social Democratic Party, Reuter reports from Essen.

Herr Brandt, 70, was re-elected by a vote of 391-19 at a party congress in Essen.

China plans oil growth

CHINA PLANS OIL GROWTH China plans to produce some 110m tonnes of crude oil this year and increase output for the next six years by more than 5 per cent, the China Daily said yesterday, Reuter reports from Peking.

It quoted Tang Ke, the oil minister, telling industry leaders that this depended on the doubling of proven onshore oil deposits. He said China would welcome foreign technical aid in this exploration.

ISABELITA FLIES IN FOR TALKS WITH ALFONSIN

Argentina searches for consensus

BY JIMMY BURNS IN BUENOS AIRES

THE LEADER of Argentina's opposition Peronist Party, Sra Maria Estella "Isabelita" Peron, arrived from Spain yesterday to head a round of talks with President Raul Alfonsin, aimed at achieving a broad national consensus on key economic and political issues.

The talks, to begin today, will be principally aimed at forging a common domestic front on the debt question. Government officials have indicated that they would like to see the Peronists publicly endorse the prospect of accepting one of two basic alternatives.

These would be either an agreement with the IMF before the end of the month on the condition that this does not imply a retrenchment of the economy; or an attempt to pursue a more flexible response in direct negotiations with commercial banks afteb the break-off of talks with the Fund, backed up by an implicit threat of a formal repudiation of the debt if no compromise is reached.

Sra Peron has kept a discreet distance from Argentina politics ever since she was first exiled to Spain by the former military regime in 1981 — with the exception of a brief visit to Argentina last December.

But her political star has been rising again in recent weeks as a potentially crucial bridgehead between the Government and the disparate opposition forces. In recent weeks the Peronists have been using their majority in the Upper House of Senate and their domination of labour to obstruct Government policy.

Sr Alfonsin is banking on Sra Peron having retained her influence on the party as its titular head and the fount of the Peron mystique. She was the third wife and only surviving heir of the party's charismatic founder, the late General Peron, who died in 1974.

Sra Peron has made no detailed statement about her political intentions, although she has broadly indicated her willingness to collaborate with Sr Alfonsin in helping to consolidate democracy.

Sra Peron has apparently overcome her reluctance to abandon her comfortable existence in Madrid following the approval of a parliamentary motion on Friday exonerating her from any further judicial proceedings linking her to the Triple A, an outlawed Right-wing terrorist organisation, and misappropriation of public funds, during her short-lived presidency (1974-1976).

Euro-Parliament in final session

John Wyles reports on the MEPs' run up to their second direct elections to be held next month

THE FINAL session of the first directly-elected European Parliament opens in Strasbourg today under the long shadow of next month's polls and with many of its members understandably anxious to make a late grab for public attention.

President Mitterrand of France will guarantee one spotlight on Thursday by delivering a report on the state of the EEC to be broadcast live by a French television station. West German television will dutifully satisfy a thirst for attention among German members by covering some debates live earlier in the week.

On past performance, the debates may prove rather less exciting than Bad Homburg on a wet Sunday afternoon, but the week's agenda offers a wealth of opportunities for members to demonstrate their abiding concern for social groups and issues both large and small.

As they wade through 70 reports and related resolutions, MEPs will be considering whether or not there should be a code of conduct to regulate the "Moonies" and other religous groups, how to combat video nasties

These serve to demonstrate once again that the 434 members of the Parliament have consistently refused to confine their interests to the policies covered by the Treaty of Rome. They will turn to those rather more mundane topics at question time to the European Commission on Thursday when they will be pressing for information on everything from the Commission's financial policy to aid to growers of cut roses and carnations, pausing on the way to delve into the desulphurisation of coal at the Brindisi South power station.

This is the very stuff of representational politics which most members have come to recognise as the core of their job and which the 306 at least who are standing again hope will secure re-election.

Nevertheless, the Community's routine crises will not go untreated. The Parliament numbers among its slender powers a measure of control over EEC spending and this week it is likely to tell the Commission to bury its proposal to borrow 2.33bn European currency units (£1.36bn) from member governments to balance the 1984 budget.

It may, however, leave the task of suggesting alternative solutions to its successor which will meet in Strasbourg for the first time on July 24.

Not many familiar personalities will be missing from that occasion because the Parliament has somehow failed to establish household names in Europe. However, within the Parliament reputations have been established, and among the members not standing again Herr Erwin Lange, the Christian Democrat chairman of the budget committee, will be prominently missed.

The British Conservatives will be saying farewell to 12 of their number including young political tyros like Robert Jackson, John Taylor and Eric Forth, who have also been sitting at Westminster since last June. No fewer than four of the five departing members of the Labour Group have found similar refuge in the Commons —most recently Mrs Ann Clwyd who became the member for Cynon Valley on May 3.

It is doubtful if any of those who are leaving have had the appetite or the stamina to read every one of the 1,100 plus reports produced by this Parliament nor the diligence to vote on all the 2,000 or so resolutions adopted.

Many members remain convinced that the Parliament did not need all of the £630m it has taken out of the EEC budget since 1978 and they, and their political parties, have sometimes struggled to spend the £24.6m allocated for the coming elections.

Financial Times Conferences

THE ELECTRONIC OFFICE:
Threshold of a New Era
London—June 5 and 6

This Conference, to be chaired by Mr David Firnberg and Mr Ian McNaught-Davis, will focus on the great changes taking place in the professional office and the accelerating pace of office automation worldwide. Speakers will include: Mr Paul Strassmann, Vice-President Systems Group, Rank Xerox Corporation; Mr Elserino Piol, Director, Strategy and Corporate Development, Ing. C. Olivetti; Mr Hirokazu Negishi, Senior Research Scientist, Canon Inc.; and Mr Robert Ryan, President, ITT Dialcom.

THE EUROPEAN OFFSHORE NI 1984
Oslo—June 18 and 19

The North Sea oil and gas province is in a most interesting period. Project costs are rising while the price of oil is not. There is intensifying competition to supply the European gas market and the proposed Sleipner deal is particularly controversial. Fiscal arrangements have still to be stabilised and tax problems abound. There are some of the areas to be included in the European Offshore in 1984 Conference to be held at the Grand Hotel, Oslo, in June. Mr Kaare Kristiansen, the Norwegian Energy Minister, will open and Mr G. M. Ford, Mr J. G. Cluff, Mr Hans Henrick Ramm, Dr David Smith, Dr Rajai Abu Khadra and Mr E. G. Greve will be among the speakers.

WORLD ELECTRONICS:
Future Strategies for Europe
London—June 20 and 21

Harnessing the potential of electronics and information technology is becoming an urgent strategic priority for many countries. In Western Europe developments are at a critical stage. The challenges are clear but uncertainties remain about how best to respond to them. Keynote addresses at this forum, the seventh in the series, will be given by the Rt. Hon. Norman Tebbit, MP, Under-Secretary Lionel Olmer, Viscount Davignon and M Laurent Fabius, with the industry itself represented by many of its leading figures, including Mr Klaus Luft, Mr Jim Hodgson, CBE, Mrs Marisa Bellisario and Dr.-Ing. Hans Gissel.

All enquiries should be addressed to:—

The Financial Times Limited
Conference Organisation
Minster House, Arthur Street
London EC4R 9AX
Tel: 01-621 1355 (24-hour answering service)
Tlx: 27347 FTCONF G Cables: FINCONF LONDON

16 pointed questions to ask MSA or any software supplier

These questions will help you when you sit down with individual software companies.

They're tough questions. Relevant ones. And any supplier who is worth his salt should be able to answer them without hesitation.

Ask MSA

We'll answer all these questions to your satisfaction – plus any others you have.

In fact, we're probably the best equipped to answer them because MSA is *the* software company. We offer the most complete line of totally integrated systems in the software industry, including financial, payroll/personnel, manufacturing and order processing.

So you avoid the headache of trying to tie together individual systems. (And the bigger headache of adding to them.)

We've planned our growth, and the growth of our products. Instead of acquiring systems piecemeal, then trying to integrate them, MSA develops each system to work with the others.

With MSA's integrated systems, there's no unnecessary duplication of data or effort. Reporting is faster. All your information is more timely and accurate, and in the form you choose.

In short, we do everything we can to help you make informed business decisions.

Our technical edge comes from experience

By investing £20 million (this year alone) in the development of packages, MSA ensures that you are able to take advantage of technical developments.

Over 850 accountants, financial experts and systems specialists work together to make MSA's application systems the most advanced and highly integrated in the industry.

We have proven packages with thousands of users who are kept fully updated. MSA has systems that promote realtime functions – we've been producing realtime systems since 1978. And solved the problems associated with realtime, including accounting control, security and recovery.

Enhancements necessary to meet changes in statutory requirements or in accounting procedures are provided automatically. Whatever changes may occur in your organisation MSA's software has the flexibility to meet your needs.

50,000 days of software training

We ensure you have a firm grasp of our systems. Last year alone, MSA conducted more than 50,000 student days of customer training for over 3,000 companies at education centres all over the world.

MSA provides the most extensive Customer Education Programmes in the industry, to include personal tuition and hands-on practical experience. All of which is fully supported by easy-to-understand documentation.

MSA not only enhances software, we enhance the people who use it. Regular user meetings give our customers a forum to express their likes, dislikes and suggestions. These often lead to new product developments.

Our systems are always ready to HELP!

MSA systems are just as friendly as our staff. Our online HELP feature actually guides users through our systems. And EASY SCREEN lets them design their own screens without creating data processing nightmares.

One of our latest developments, INFORMATION QUICK, allows users to collate information from any or all of their systems, (including in-house systems) for effective management reporting.

If there's ever a question concerning our systems, MSA customers are always close to service. Our Support Managers are knowledgeable, responsive and backed by a complete team of industry specialists throughout Europe.

This team is responsible for solving the specific software needs of your industry. So you'll never get a blank look or an answer that doesn't relate to your business.

SAVE THIS BOX!
IT CAN HELP YOU MAKE AN INTELLIGENT SOFTWARE DECISION

1
What proven software systems can you offer us that are designed to work together?
Are your systems integrated both functionally and technically?

2
Are your systems online, and do they offer realtime functions so that all our information is current?
How many of your systems are online? How secure are they?

3
Are your systems just record keepers, or can they really help us make decisions?
Can we pull together information from all of our integrated systems? In exactly the form we want it? Can we include data from our in-house systems?

4
Does the system do now all you say it will?
Or will we have to change it or add to it to get the features we want?

5
Will my company have to be the one that discovers the bugs in your brand new system?
What kind of quality assurance routines do you employ before issuing a system? And how long has the system been in use?

6
Do your systems have built in features that make them easier to use?
What happens if someone needs help figuring out a feature? Do you have online documentation that's easy to understand?

7
Will the system live up to my technical expectations?
How current are you with the technological issues – realtime, fourth generation languages, and database managers? Will you be able to stay current?

8
Will you update your systems to take advantage of changes in technology and to meet current statutory requirements?
What are some of your most recent updates?

9
As my business changes, will your system be flexible enough to change with it?
Or will we have to pay a lot to revamp it? Or buy a replacement?

10
Do your financial systems handle foreign currency transactions?
Do your financial systems use a common set of currency exchange rates?
Do they meet all current IAS, SSAP and FASB accounting requirements automatically?

11
Can you provide business software for both mainframe and microcomputers?
Do you develop this software for yourself, or do you simply market it for another company?

12
Can you link my personal computer directly to our central computer – so I can get my own information?
Does your micro/mainframe link provide user driven tools for decision support? And does it isolate the user from all technical considerations?

13
How long have you been in the application software business?
And how important is packaged software business to your company? What are your revenues? What is your growth record? Where will your company be five years from now?

14
How many systems has your company installed?
How many of these were installed in the past six months? How many of your earlier customers still use, and like, your systems?

15
How many of your staff specialise in software for my industry?
How many Accountants work for you? Data-Processing specialists? Experts from a Manufacturing environment? Are they willing to spend time working with us to understand our real problems and identify total solution?

16
How will you make sure my staff thoroughly understand your system?
Will you provide dedicated professional trainers, and the right facilities to ensure they get the most out of their time? Will you be there to help during installation and after?

MSA
The Software Company

MSA has the answers

Whatever the size – whatever your business – MSA has a total software solution.

We'll provide the highest quality integrated software, realtime and online systems, including those listed on the right.

We'll integrate your business and manufacturing software systems, using our exclusive Extended Closed Loop manufacturing system.

We'll even link you up with your company's main computer – with MSA's Executive Peachpak II application software. A revolutionary concept that lets you get the mainframe information you need through your personal computer.

We'll provide business software for your microcomputers through our Peachtree Software Company.

Talk to us

We want to update you about software. We want to make your company wiser with software.

If we've whetted your appetite with our 16 questions, clip the coupon.

We'll send you the concise answers that will help you even more in your deliberations.

We'd also like to send you more information on how MSA can help you strategically plan for software and on individual systems.

Act Now!

Just fill in the information below or contact Barbara Carpenter at MSA, on (0628) 39242 or telex 847400.

MSA
Ready-to-Install Applications Software

- A General Ledger
- B Accounts Payable and Purchase Order Control
- C Budgetary Control
- D Fixed Assets Accounting
- E Project Tracking
- F Forecasting and Modelling
- G Accounts Receivable
- H Order Processing
- I Foreign Exchange
- J Inventory and Purchasing
- K Payroll and Personnel
- L Manufacturing System (MRP II)
- M Executive Peachpak II
- N Information Quick
- O Peachtree Software – accounting systems for micro-computers
- P Peachtree Decision Manager – office productivity systems for micro-computers

MSA (Management Science America) Limited
International Headquarters
MSA House, Cedars Rd., Maidenhead, Berkshire SL6 1SA.

☐ Please send me the answers.

☐ Please send me more information on the following Systems (*circle as required*).
A B C D E F G H I J K L M N O P

Name ______ Title ______

Company Name ______

Address ______

Telephone No. ______

Mainframe type ______

FTS

The Ebic banks: effective partners in your financial operations.

Strength. Reliability. Innovation. Experience. Important considerations when you're choosing a bank. Ebic brings together seven such banks. Seven major, European banks with assets of some $400 billion. Seven banks with over 10,000 branches, subsidiaries, associates and joint ventures throughout the world. Seven banks that have been co-operating internationally for over 20 years.

If you'd like to know more about Ebic and receive a copy of our annual review, just send your business card marked "Information on Ebic" to the Ebic Secretariat, 100 Bd du Souverain, B-1170 Brussels, Belgium.

EUROPE'S MOST EXPERIENCED BANKING GROUP.

OVERSEAS NEWS

Gulf fundamentalists challenged by Arab Nationalist Movement

BY KATHLEEN EVANS, RECENTLY IN KUWAIT

THE ISLAMIC fundamentalists are facing the first challenge to their growing support in the Gulf region. The old left-wing Arab Nationalist Movement born in the mid-1950s is being nurtured back to life in Kuwait, and liberals are adding their voice to the debate over the Islamic laws which Gulf states are introducing to ward off pressure from the fundamentalists.

In Kuwait, which has a relatively free press and an assembly – the next election is due in eight months – the fundamentalists have come in for a hesitant but growing amount of public criticism from those opposed to changes in the country's social, economic and legal fabric.

An interview given to a local newspaper by Mr Ibrahim Shatti, director of the Kuwaiti Emir's office, in which he said that the fundamentalist groups were acting like de facto political parties sparked calls for the introduction of a party system.

Supporters of the parties ideas say that it is a necessary step towards political maturity in a parliamentary democracy. Among those who have taken up the cause is the chairman of the local lawyer's union, the head of the national news agency, senior government bureaucrats and other leading academic and political figures.

They believe that it is better for the various ideological groups to be publicly known and judged on their policies, rather than allowing the semi-clandestine parties to continue. Leaders of the Islamic groups have vigorously opposed the suggestion on the grounds that it would lead to the return of the Arab Nationalist Movement, which they view as atheist as well as socialist.

Officially, political parties or groups are not allowed in Kuwait. In practice there are identifiable groupings within the national assembly, and behind the numerous cultural and professional associations in the country.

Kuwait's 50-member parliament consists largely of independents, many of them tribal representatives, but there is also a highly vocal Islamic block. The fundamentalists have seven members of parliament in the assembly in various guises, ranging from Sunni supporters of the Moslem Brotherhood movement, to Shi'ite radicals to the Salafayin, fundamentalists genuinely loyal – unlike some – to traditional forms of rule in the region.

The fundamentalists also have bases of support in certain government ministries and institutions, and in the last 12 months have demonstrated their muscle on numerous occasions to the growing unease of the Government. Last year, they managed to secure parliamentary approval for a ban on alcohol supplies to foreign embassies, a move which was opposed by the Government. They are now engaged on a campaign to change the constitution, to introduce an Islamic Sharia legal system.

The move is said to have alarmed ruling circles in Kuwait, for the country has a long tradition of liberalism in criminal judgments and personal matters. Although the legislation was approved by the assembly, the Emir is said to be reluctant to sign it.

Battle lines were drawn between the fundamentalists and the Arab nationalists with the unexpected appearance on television of a leading nationalist, Dr Ahmed Khatieb. For years Dr Khatieb has been viewed as a shadowy opposition figure with radical credentials stretching back to the early days of the pan-Arab Nationalist Movement. Although parts of the television debate were censored, (but later reports in full by the local press), Dr Khatieb was given the opportunity to deny that he was a communist, and to outline modest-sounding ideas.

Undoubtedly, the ruling family is against any move which might lead to the establishment of party rule. A Sabah family member said that such a move would prove divisive at a time when tension is high because of the Iran-Iraq war.

There are also fears that foreign powers might manipulate political parties. "Parties are not necessary in Kuwait, because the groups are known to the voters," said the official. Party rule would also emphasise the differences between Sunni and Shia Moslems, he added.

More cynical observers detect the subtle hand of the Sabah family in the growing debate however. One said: "They are bringing out the Arab nationalists to show the fundamentalists the big guns they can bring into play if the Islamic group get any more embarrassing. The Sabahs are master artists in flexibility."

Once started, the debate may prove difficult to stop, particularly as the election draws nearer. The Arab nationalists are relishing the opportunity to fight the growing influence of the Islamic groups, and say they intend to field some five to 10 candidates.

"We need a breakthrough," said Dr Abdullah Nibarri, one of the movement's leading spokesmen. He conceded that the movement has been marked by continuous failures in the face of Israel but he believes it has gained greater consolidation and maturity as a result.

The movement's supporters in Kuwait would not like to see it being "brushed up" by the Government as a tool against the Islamic groups he said, however. They want to demonstrate that they are the true opposition, and believe the fundamentalists are inherently loyal to the Government.

Kuwait's forthcoming election will take place only two months after a planned summit meeting of the Gulf Co-operation Council, and the sight of fundamentalists fighting it out at the ballot box with Arab nationalists will highlight the lack of democracy in other Gulf states. Even more embarrassing is the likelihood that Kuwaiti women will step up their campaign for the right to vote in the next few months.

World Bank tells India to raise efficiency

BY JOHN ELLIOTT IN NEW DELHI

INDIA has been told by the World Bank that it should concentrate its future major investments on improving the performance of its outdated and inefficient industries rather than indulging in expensive new ventures.

This is the main message of the World Bank's annual report on India, which has been circulated privately to government ministers and to foreign countries involved in next month's meeting of aid donors.

The proposal is broadly in line with policies being developed by India for its seventh five-year plan, which starts next year.

The report implicity criticises India for its political, technical or bureaucratic impediments "which dely and block efficient industrial and other development.

"The poor growth performance, high capital output ratios and low capacity utilisation rates for Indian industry are serious problems," says the report, noting that India's industry is thought to have grown at no more that 4.5 per cent in 1983-84.

It says that all sectors, especially aluminium are limited by infrastructure bottlenecks and that many industries including steel need low-cost balancing investment to improve efficiency. Production costs and quality need improvement through modernisation in jute, textiles, cement and fertilisers.

Protectionist and bureaucratic policies – including price controls – which "no longer serve well their original objectives and have adversely affected incentives for more efficient capacity utilisation and more investment" should be abandoned.

Although the Government is unlikely to move far on such major policy issues in advance of the general election, due by next January, it is in agreement with detailed investment proposals.

"An appropriately-balanced investment programme, improved management and well formulated pricing policies would raise production efficiency and generate much higher profits," says the report on the public sector which accounts for nearly half the country's investment.

Company Notices

UNILEVER N.V.

DIVIDEND ON CERTIFICATES FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Final dividends in respect of the year 1983 will be paid on or after 29th May 1984 as follows:—

SUB-SHARES OF FL.12 IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED now MIDLAND BANK TRUST COMPANY LIMITED

A dividend, Serial No 112 of Fl.5.148 per sub-share, equivalent to 119.7627p converted at Fl.4.2985=£1.

DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will, generally, be liable to Dutch dividend tax at only 15% (Fl.0.7722, 17.9644p per sub-share) provided the appropriate Dutch exemption form is submitted. No form is required from UK residents if the dividend is claimed within six months from the above date. If the sub-shares are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch dividend tax at 25% (Fl.1.287, 29.9407p per sub-share) will be deducted and will be allowed as credit against the tax payable on the profits of the establishment. Residents of non-convention countries are liable to Dutch dividend tax at 25%.

UK INCOME TAX at the reduced rate of 15% (17.9644p per sub-share) on the gross amount will be deducted from payments made to UK residents instead of at the basic rate of 30%. This represents a provisional allowance of credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK.

To obtain payment of the dividend sub-share certificates must be listed on Listing Forms obtainable from:—

Midland Bank plc, Stock Exchange Services Dept., Mariner House, Pepys Street, London, EC3N 4DA.
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE.
Allied Irish Banks Limited, Securities Dept., Stock Exchange, Bank Centre, Ballsbridge, Dublin 4.
Clydesdale Bank PLC, 30 St Vincent Place, Glasgow.

Separate forms are available for use (a) by Banks, UK firms of Stockbrokers, Solicitors or Chartered Accountants (b) by other claimants. Notes on the procedure, in each case, are printed on the forms.

DUTCH CERTIFICATES OF FL.1,000, FL.100 and FL.20

A dividend of Fl.8.58 per Fl.20 against surrender of Coupon No 112. Coupons may be encashed through one of the paying agents in the Netherlands or through Midland Bank plc; in the latter case they must be listed on the special form, obtainable from the Bank, which contains a declaration that the certificates do not belong to a Netherlands resident. Instructions for claiming relief from Dutch dividend and UK income tax are as set out above except that UK residents liable to Dutch dividend tax at only 15% must submit a Dutch exemption form. Dutch dividend tax on this dividend is Fl.2.145 at 25% and Fl.1.287 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a convertible florins account with a bank or broker in the Netherlands.

A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and convention countries, can be obtained from Midland Bank plc at the above address or from the London Transfer Office.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office, Unilever House, Blackfriars, London EC4P 4BQ.
16th May 1984.

BBL (CAYMAN) LTD.

unconditionally guaranteed by

Bangkok Bank

US $50,000,000
Floating Rate Notes due 1994

For the six months
May 18, 1984 to November 19, 1984
the Notes will carry an interest rate of 12 3/8 % p.a.
As a consequence, the coupon pertaining to this interest period will be US$ 31,796.88

Listed on the Luxembourg Stock Exchange

The Mitsui Bank, Limited
Brussels Branch
Fiscal Agent

NOTICE
US$25,000,000
ORIENT LEASING (CARIBBEAN) N.V.
(Incorporated with limited liability in the Netherlands Antilles)
9⅝% GUARANTEED NOTES DUE 1986

NOTEHOLDERS are hereby informed that the July 1, 1984 redemption instalment of US$8,250,000 has been fully satisfied by purchases in the open market leaving a balance remaining in circulation after July 1 of US$12,500,000.

THE CHASE MANHATTAN BANK N.A.
Principal Paying Agent
May 18, 1984.

PREMIER GROUP HOLDINGS LIMITED
US$60,000,000
Floating Rate Notes due 1989

NOTICE IS HEREBY GIVEN that the Rate of Interest for the initial sub-period has been fixed at 12¾% per annum and that the interest payable for the first sub-period in respect of US$10,000 nominal of the Notes will be US$325.83. This amount will accrue towards the interest payment due November 19, 1984.

May 18, 1984 London
By: Citibank, N.A. (CSSI Dept), Agent Bank

Appointments

JUNIOR ASSOCIATE - MONEY MARKETS

Leading financial organisation requires individual to join a strong and successful London-based team to assist in the generation of new Euro-money market products, including underwriting and placement of these issues with institutional investors. Candidates should be familiar with U.S. and European financial markets including foreign exchange and credit analysis, be aged up to 25, educated to degree standard (Economics/Finance), with good language proficiency (English plus two additional languages).

Salary circa $27,500

Please write in strictest confidence, enclosing curriculum vitae, to Box A8610, Financial Times 10 Cannon Street, London EC4P 4BY

Company Notices

FIDELITY SPECIAL GROWTH FUND SICAV
37, Rue Notre-Dame
Luxembourg
R.C. Luxembourg B 20.095

Pursuant to resolutions adopted at the general meeting of shareholders of March 29 1984, the articles of incorporation have been amended and the corporation has adopted the structure of a Sicav in accordance with chapter 3 of the law of August 25 1983, regarding collective investment undertakings.

The shares are now of no par value. Therefore, from May 21 to June 21 1984, the shares of the company will have to be remitted for stamping to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg.

As from June 21 1984, shares not stamped are no longer of good delivery at the Luxembourg Stock Exchange.

By Order of the Board of Directors

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN TOPPAN PRINTING CO. LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date May 31, 1984 the shareholders' register will be closed for the period June 1-30, 1984, and during this period it will not be possible to register the transfer of shares against the surrender of EDRs. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from May 28, 1984. Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary. Coupon No. 6 will be used for collection of this dividend.

Citibank, N.A., London, Depositary.
May 18, 1984.

Wells Fargo International Financing Corporation N.V.

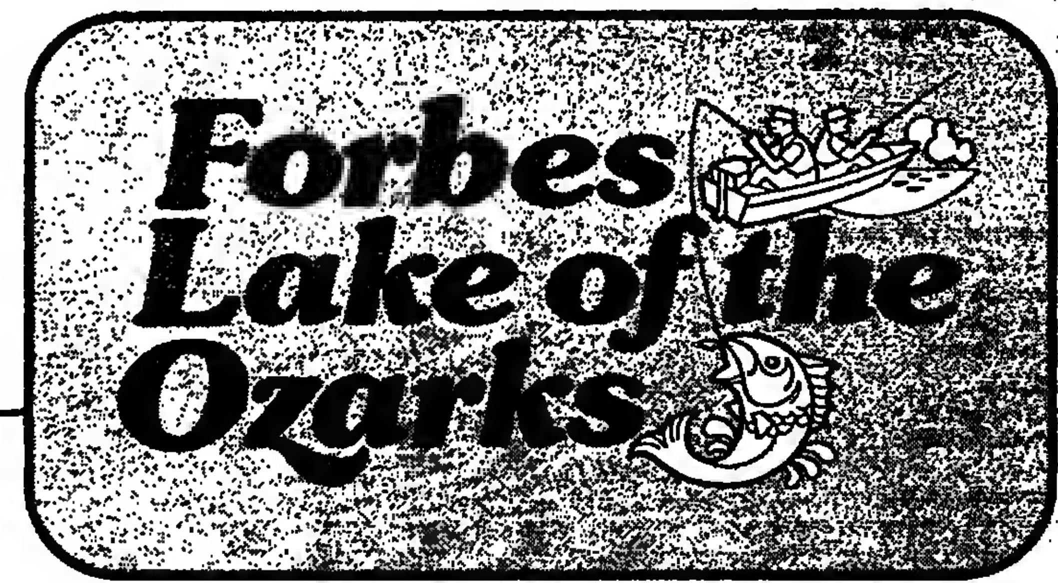
U.S. $50,000,000

Guaranteed Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes notice is hereby given that for the Interest Sub-period 18th May, 1984 to 18th June, 1984 the Notes will carry an Interest Rate of 11⅛% per annum.

The Interest accrued for the above period and payable 18th July, 1984 will be US$101.72.

Agent Bank:
Morgan Guaranty Trust Company of New York
London



OUR LAKELAND PARADISE AWAITS YOU

Your own vacation land on the fabulous Lake of the Ozarks in Central Missouri. Right in the heartland of America. Away from cities, noise, pollution and the rat-race of the workaday world. We call it Forbes Lake of the Ozarks... about 12,800 acres of scenic paradise. Not for everybody, but maybe for you.

The Ozarks region, which dominates most of southern Missouri, has long been lost in the legends of the Osage Indians. Now that the magnificent Truman Lake has been completed, it's merely a matter of time before the beauty of this spectacular recreational area attracts vacationers and settlers from every corner of the continent.

If yours is a family of water-sports lovers—swimming, boating, fishing, water-skiing—it's hard to imagine a more perfect setting for you. Forbes Lake of the Ozarks is nestled at the headwaters of the big Lake. Here it almost kisses Truman Lake on the west, then winds eastward through stands of hickory and oak for over 90 miles to the bustling hub of the summer resort area at Bagnell Dam.

Forbes Inc., publishers of Forbes Magazine, through its subsidiary, Sangre de Cristo Ranches Inc., is offering the opportunity of a lifetime for you to acquire one or more acres of our choice Missouri lakeland among the breathtaking "hills 'n' hollers" country of the Lake of the Ozarks.

Forbes' private park is the ideal place to build a second home... that special place where you may now or one day choose to retire. Here among the friendly, down-home folks who have made Missouri famous for its hospitality. These are salt-of-the-earth people who are pleased to welcome good neighbors to their easygoing way of life.

There's no better time than right now to find out if Forbes Lake of the Ozarks is the place for you. All our homesites, including lake front and lake view, will be a minimum size of one acre—ranging to over three acres. Cash prices start at $6,000.* One or more acres of this incredibly beautiful lakeland can be yours for the modest payment of $60 per month, with easy credit terms available.

For complete information, including pictures, maps and full details on our liberal money-back and exchange privileges, please fill in the coupon and mail to: Forbes Europe Inc., P.O. Box 86, London SW11 3UT England.

*Prices subject to change without notice.

Obtain the Property Report required by Federal law and read it before signing anything. No Federal agency has judged the merits or value, if any, of this property. Equal Credit and Housing Opportunity.

Forbes Europe Inc.
P.O. Box 86, London SW11 3UT England

Without obligation, please send me more information on Forbes Lake of the Ozarks.

PLEASE PRINT K184

Name
Address
City/State/Zip
Telephone

Preference: ☐ $6,000 ☐ $7,500 ☐ Higher

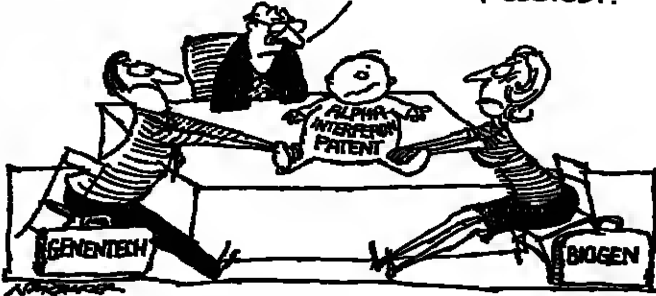
TECHNOLOGY

EDITED BY ALAN CANE

PATENT ROW SIGNALS START OF GUERRILLA WAR IN BIOTECHNOLOGY

Who owns a newly minted gene?

BY STEPHANIE YANCHINSKI



A PATENT row between two well-established biotechnology companies is signalling the begining of a guerrilla war over who owns biotechnology inventions, and the 1m dollar spoils that go with them.

Genentech, a leading American genetic engineering firm, and Biogen, a European equivalent, are at loggerheads over who owns the fundamental patent for alpha interferon. This is the best known of a family of natural antiviral substances once touted as magic bullets for curing cancer.

Biogen claims that its product patent, recently granted by the European Patent Office, covers all alpha interferons made by the new techniques of *gene splicing*, and gives Schering Plough, its marketing partner, the exclusive right to sell alpha interferon in Europe.

This effectively shuts Hoffmann La Roche, Genentech's main backer, out of alpha interferon in Europe. As a result, Roche has *just issued* a challenge through European Patent Office channels, based on a belief that Biogen's patent is too broad, and does not cover the new types of interferon manufactured today.

Interferon, discovered by Dr Alick Isaacs and *Dr Jean Lindenmann* in a British laboratory over 25 years ago, is a class of proteins produced by the body in minute quantities to combat viral infections and maybe even cancer. Since Isaacs' time many have been discovered but until genetic engineering provided larger quantities for study, their precise role was unclear.

Now it seems interferon acts chiefly by enhancing the body's own defences against disease. Both Schering Plough and Hoffmann La Roche have sunk millions of dollars into producing interferons by genetic engineering in the hopes of coming up with a new range of extremely powerful new drugs.

The basis of Genentech's challenge lies in the chemistry of the substance which Biogen claims to have manufactured in its patent. Tom Kiley, Genentech's patent lawyer, says that Biogen's patent — filed some years ago, covers only a precursor type of interferon, one carrying an extra 23 amino acid building blocks which the material currently being produced and tested does not have.

Whether Schering Plough or Hoffmann La Roche, wins or loses, the legal battle could be protracted and costly, for at stake is the first big money making product from biotechnology. A spokesman for *Biogen estimates that the* market for alpha interferon for certain cancers and viral infections could be worth hundreds of millions of dollars. He adds: "It is important to be the first with a unique product. The second on the market has to have unique properties to convince people to buy it."

Interferon is particularly important to Biogen's future, as it is nearest development and approval for human use. Despite some disappointing results, Biogen still claims its alpha interferon, Intron, will be the drug chosen to treat some cancers because it has fewer side effects than existing anti-cancer drugs.

The cancer chemotherapy market in the U.S. and Europe alone is $10bn a year.

However, there are powerful implications in patent battles such as these. Today, many of the money-spinning antibiotics, among the financial mainstays of the pharmaceutical industry, are *coming to the end of their* patent life, and drug companies are loking for new drugs to take their place.

In the U.S. this is happening at a time when the pharmaceutical industry's three year campaign to have the life of a patent extended has hit roadblocks. Now, an average of 10.2 years of the statutory 17 year patent life is eaten up by the extensive regulatory review required to obtain approval.

The current spat between Genentech and Biogen is symptomatic of the confusion that exists in trying to protect inventions in biotechnology. The U.S. patent office has issued only 100 biotechnology patents, but is considering more than 1,000 applications.

"The *situation* is so uncertain," says one ICI scientist, "that companies are patenting anything, and some are really dubious." Bruce Collins, a partner in an East Coast American patent firm and a long time observer of the biotechnology scene says: "Whether to choose to patent *or* to rely instead on trade secrets depends on the phase of the moon. There are so many variables."

Many such experts believe that a lot of the early patents protecting fundamental genetic engineering processes were filed hy the emerging biotechnology companies largely to impress backers and will not hold up under challenge.

In hiotechnology, says ona expert, there is no case history. Many of these issues will be decided in the courts, particularly in the U.S., for not only are the Americans at the very forefront of the technology but the country is the most litigious in the world. Bernard Bate, head of the heavy chemicals patent unit in ICI chemical division, says: "Genetic engineering is very new, and the operating rules for granting patents are laid down in the barest outline.

"Also, patent officers are inexperienced, so it is likely that the rules and practices will be refined in case law. This will become of the utmost importance when the biotechnology industry begins to sell products," which is just beginning to happen.

This confusion *does not* encourage the more conservative companies who are waiting to see the outcome of many of these cases to decide how much to invest in biotechnology. "The strength of biotechnology patents will help us decide how mnch to invest in biotechnology in the future," says a top policy maker of the head of the Swiss firm, Sandoz.

Patrick Crawley, who handles the patent affairs at Celltech, Britain's premier genetic engineering company, admits that for emerging companies such as his own strong patents are essential for another reason. "We are an R & D company seeking contract research often involving American companies. Strong patents make us appear more attractive and offer an insurance policy."

Dr Charles Weissman, leader of the Biogen research team which produced leucocyte interferon using recombinant DNA techniques

Biotechnology is about using plant or animal cells to perform a variety of industrial tasks, from manufacturing valuable drugs to mining for copper. For many years antibiotics have been produced by microbes in fermenters using many of the same techniques. It is the advent of genetic engineering whereby the very essence of genetic inheritance of the cell doing the work can be altered at will that has produced the confusing spate of new patents.

Most of the early biotechnology patents will probably be indefensible because they protected generic processes, not products. *Dr Jim Coombs*, in charge of patenting chemicals and diagnostic patents in Hoechst UK says that "products are unambiguous while it may be possible to use a slightly different process to make the same product without infringement."

Michael Jackson, the patent expert at Wellcome Biotechnology Inc, says antibiotic manufacturers such as his own company prefer to protect products. A process patent usually requires that a sample of the cell line be deposited in some central bank for examination by the patent authorities, so secrecy is lost.

Billion dollar patent

THE U.S. Patent Office is probably about to grant one of the most fundamental patents in biotechnology which could be worth hundreds of millions of dollars.

The patent covers products made by the basic genetic engineering technique invented by Stanley Cohen and Herbert Boyer which now forms one of the pillars of *the biotechnology industry*. The patent could be worth as much as $1,000m in licence royalties before the patent runs out in 17 years.

Arguments concerning co-authorship, and even whether what the process described in the patent was accurate in the light of present-day knowledge. The patent was filed in 1974. However, what remains to be resolved is whether the Cohen Boyer patent covers higher forms of cellular life, taken from animal tissue, say, as well as the simpler bacteria.

Some experts think that animal cells may be better than bacteria, for the production of sophisticated pharmaceuticals, as they produce a substance identical, not just near to, the natural molecule. *Such cultures could be worth* millions. Bertram Rowland, the private attorney from Townsend and Townsend, says "We will be looking at the law very carefully, but we think the language in the application is sufficient to cover the more complicated Eukaryotic cells. In any case our policy is to keep on refiling the patent until we get it."

OPTO-ELECTRONICS

Midwinter joins optic fibre academics

By DAVID FISHLOCK

A SENIOR British Telecom research manager is moving to London this summer, to join one of Britain's strongest university departments in opto-electronics Dr John Midwinter, 46, who is *managing about 100 graduates* working on optical fibre technology at BT's lahoratories at Martlesham, has been elected to the new British Telecom chair in opto-electronics at University College, as tha fourth professor in the department.

For Professor Eric Ash, head of the department of electronic and electrical engineering, the appointment is a personal coup. Prof Ash sees BT's optical fihres project as "one of tha success stories of the UK." Its achievements are a match for any opto-electronics team in the world, he says.

The field of optical fibres has been a speciality of Dr Midminter since he returned from the U.S. in 1971 to join the Post Office Research Station at a time when the Martlesham laboratories were "just a hole in the ground." He has been running his present team—50 graduates on fibre optics and 50 more on associated projects—for seven years. For the past two he has been special head of *division, equivalent to a deputy* research director.

"But for the past two years I've had the growing feeling that I ought to be doing something else." He finds no time for research of his own—"one is really a personnel manager."

Of BT's senior research staff, "I reckon I'm one of the more academic," he says. He already holds visiting professorships at Queen Mary College and Southampton University, and admits that "I'd flirted with tha idea of moving to a university one day."

He says he'll be leaving "the most soundly based project in the place," but joining a department which has made its name "using opto-electronic devices to do novel *things*. And that's my interest too."

One of those novelties, exhihited hy Prof Ash at the Royal Society's soiré last week, is an Integrated acousto-optic spectrum analyser. The idea is to try to hring all the components shown in the accompanying sketch together into a single integrated opto-electronic circuit.

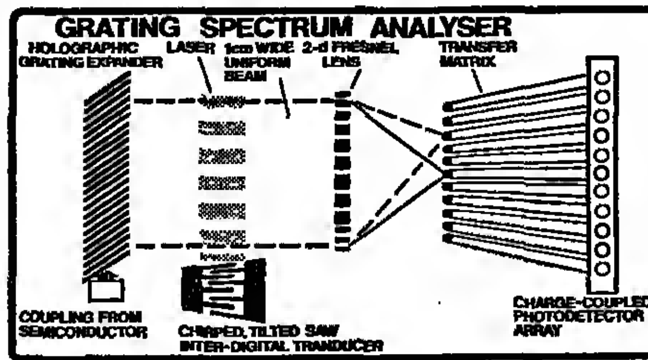
The project is being funded by the Science and Engineering Research Council and the Admiralty Research Estahlishment of the Ministry of Defence.

The light path is through a thin surface film formed hy diffusing titanium into a crystal of lithium niobate. The crystal itself is piezo-electric, and is shown in the sketch in the plane of the page. When the light beam interacts with an acoustic wave, tha light is diffracted at an angle proportianal to the acoustic frequency.

The acoustic transducer in this case is a thin metal film. The collimation lens is a holographic sub-micron period grating etched into the surface of the light guide. It is shaped to behava as a reflector, broadening the beam from a gas laser.

The laser and photo-detector array are separate components which tha researchers plan to hutt-couple to their circuit.

All the thin film components have heen made and tested as individual structures. Current research at University College aims to integrate them all into a single section.



The good news is FERRANTI
Selling technology

Datacomms

Scicon puts it all together

THE PROBLEMS of connecting terminals, micros and peripherals *from different* manufacturers are tackled head-on by a communications processor called Netway, made hy Tri-Data in California and available in the UK from Scicon.

Instead of deploying separate communications devices such as protocol converters, data concentrators, cluster controllers, packet processors and nodal processors, Netway comhines all these functions in a single unit.

Scicon says that this device can connect virtually any type of micro, terminal, word processor or local area network with host computers from IBM, ICL, DEC and Burroughs. Subsequent expansion by adding further dissimilar equipment to the network is accommodated by software npgrading in the Netway processor.

By eliminating the addition of various types of extra communications hardware, Netway avoids the need to deal with differeet technologies, suppliers, operating techniques and support arrangements.

Scicon claims that this is the first product that makes it both practical and economical to build networks out of dissimilar hosts and workstations. More on 01-580 5599.

Construction

Pipework

NKK OF Japan has developed a steel pipe with inner spiral ribs for use where there is danger of earthquakes.

The firm says the pipe has been developed to meet the new demand for concrete-filled composite pipe piles and columns the inner rib structure promotes the bonding of concrete to the steel pipe. NKK has offices in London's Moorfields High Walk.

THE VOICE OF REASON IS INDISPENSABLE

In the face of today's technological miracles, the telephone seems on the way out.

But what can replace it? As simple as it is to use, the phone is still one of the most effective tools you have for communicating. That's because your voice is, too.

And the telephone captures all the qualities of your voice – both very accurately and very cheaply. That's why telephones will have to be a part of the corporate information systems your company will use in the future.

Your voice is too important a means of communication to ignore.

Today the worldwide telephone network, which carries much of the corporate information systems data, is turning from analog to digital technology. Digital technology allows simultaneous and inexpensive transmission of data, text, and pictures by the same medium, for example, optical fiber cables. Digital transmission makes your voice sound better, too.

Ericsson is particularly well suited to meet the challenge of the converging disciplines of telecommunications, data processing, and office automation. We are one of the very few information systems companies in the world with a solid background in telecommunications.

And we're responsible for the world's largest, fully-digital network ever built. The heart of this system – in Saudi Arabia – was our AXE 10, the world's best-selling switching system.

Our telephones too are continually being developed to meet future demands – for example, built-in electronic storage of spoken messages, and access to directory data. If that sounds like the phone is becoming a lot like a computer, you're right – it is.

But even though the technology will continue to change, your reasons to use the phone won't. You'll still persuade, solve problems, and gather first-hand information. And the telephone – digital or not – will be even faster and easier to use.

So, surprise – you'll be talking more, not less, on the phone in the future.

You are both indispensable.

ERICSSON
Information Systems

Ericsson is communications, data processing and office automation, integrated for the office of tomorrow. Both hardware and software. Systems analysis and design, engineering, service and training. Ericsson has 70,000 employees, more than $2.5 billion in sales and over a century's experience in international telecommunications. Ericsson Information Systems AB, S-16183 Bromma, Sweden. Tel: +46-8802000.

IT ALSO SHOWS THE MONZA IS AHEAD OF OTHER LUXURY COUPÉS.

You're sitting in the driving seat of the new Monza GSE.

In front of you, the LCD instrumentation presents all the data in graphic detail.

Alongside it you'll find a trip computer with 7 functions. (One of them even reports on the outside air temperature.)

But these are by no means the only indicators of this car's performance.

You'll notice the Recaro seats, which adjust to fit your thighs. And the tiltable, leather-bound steering wheel, complete with power steering.

Turn the ignition key and you unlock an impatient 3 litre, 180 bhp, fuel-injected engine.

Foot down, and 60 mph is just 8.2 seconds away.

But beware, the Monza will surge on to over 132 mph.

Swing it through some curves and you'll get instant feedback from the all-independent suspension with front MacPherson struts and gas-filled dampers.

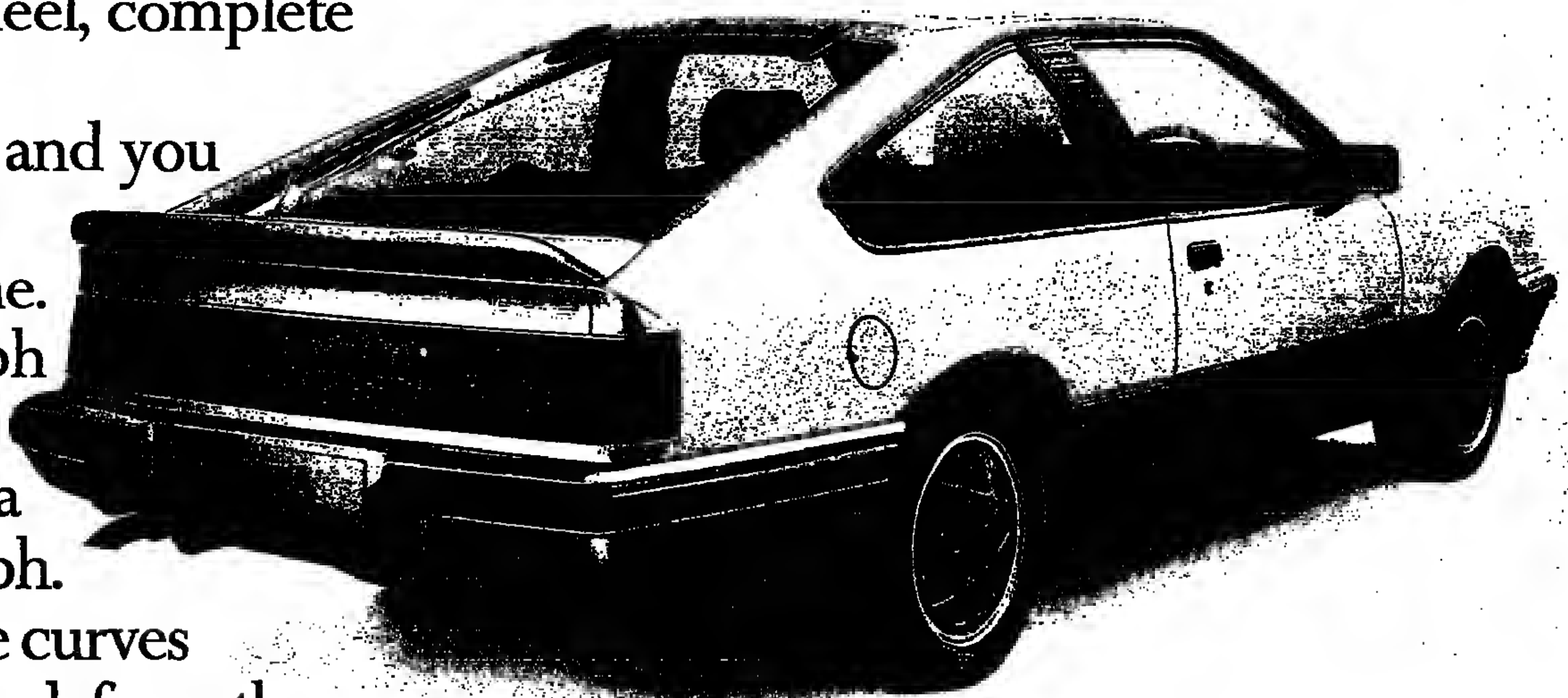
Also the limited slip differential improves traction, particularly in poor conditions.

Indeed 'Motor' magazine likened the effect to that of four-wheel drive.

At speed, you'll soon appreciate the aerodynamic properties of the front and rear spoilers and the sill extensions.

And at rest, they do nothing to hide the car's potential.

Clearly it's a car that sets the pace. Except in one area, price. £13,801.



BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS

THE NEW MONZA GSE

Better. By Design.

MANUFACTURERS PERFORMANCE FIGURES RELATE TO MANUAL TRANSMISSION. AIR-CONDITIONING ILLUSTRATED IS AN OPTIONAL EXTRA. PRICE, CORRECT AT TIME OF GOING TO PRESS, INCLUDES CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA.

SHIPPING REPORT

Frightened owners stay away from Gulf

By Andrew Fisher, Shipping Correspondent

BUSINESS IN the Gulf tanker market was virtually at a standstill last week as owners and brokers assessed the consequences of the attacks on merchant shipping by Iran.

Owners were unwilling to risk their ships in the Gulf, though some were reportedly ready to do so at rates at least double those before the attack on the Yanbu Pride tanker near the Saudi port of Ras Tanura.

This would lead to rates from Kharg Island in Iran to Rotterdam of around Worldscale 60, equivalent to more than $5m. Hull and cargo insurance rates for the area have also been increased considerably, adding to owners' costs.

Some brokers clearly resented the intrusion of the Gulf war into the shipping market. "Once again," said an indignant Galbraith's in its weekly report, "the ugly face of politics has reared itself." It wrote resentfully of "free unarmed market tonnage being attacked by warplanes and missiles."

This, it added, "is intruding badly into the activities of the tanker market." Charterers were now finding it hard to attract offers from Kharg Island and Kuwait, irrespective of money.

Major oil companies said they were keeping a close eye on the situation. Mobil of the U.S. said it decided earlier this month to send no ships North of Ras Tanura.

Among the independent owners, Bergesen of Norway said it was staying out of the Gulf for the moment. Sweden's Salen Tankers hoped the situation would calm down, and declined to comment on its policy.

Other Norwegian owners decided to do the same as Bergesen, sending no further ships to the Gulf. The 13 Norwegian vessels already there would leave as soon as possible, the Norwegian Shipowners' association said.

The first signs of life in the tanker market after the Yanbu Pride attack came late on Thursday afternoon when Kuwait Petroleum sought a ship for over 250,000 tons of crude oil for East or West destinations.

W. German machine tool makers face export threat

By John Davies in Frankfurt

WEST GERMAN machine tool makers could face stronger competition from Japanese exports in Eastern Europe, according to a study commissioned by the West German manufacturers.

The Comecon countries at present take about 20 per cent of West Germany's machine tool exports, but by concentrating on advanced machine tools, the Japanese have made inroads in Germany's share of the U.S., Asian and Western European markets.

Germany is the third largest producer of machine tools after Japan and the Soviet Union and the top exporter, selling about 60 per cent of production abroad.

World recession and the recent fall in industrial investment have caused the value of German machine tool production to fall from DM 10.2bn (£2.6bn) in 1981 to DM 9.4bn last year and little change in real terms is expected this year.

In the first quarter however, orders were running 25.8 per cent ahead of a year earlier with those from within West Germany 33 per cent up, and export orders up nearly 20 per cent. This improvement is expected to flow through to better production figures by next year.

The West German manufacturers point to their increasing output of advanced machine tools, their resilience in the face of recession compared with competitors and their strong export effort, to counter criticism.

The study suggests that the biggest scope for future expansion is in the developing countries although they are hampered by debt problems. Western motor vehicle manufacturers and the engineering industry are expected to have only limited growth.

West German machine tool makers can make the most of their strengths by close relationships with innovative and exacting customers, it says. While the West German industry has a considerable disadvantage in labour costs, its workforce is highly skilled. It is vital to reduce the time between product development and its introduction to the market.

Brazil asks for $120m steel plant payment

BY PETER BRUCE

BRAZILIAN steel industry chiefs are trying to persuade Britain's Davy Corporation and merchant bankers Morgan Grenfell to inject a final $120m into the first phase of the unfinished $5.0bn (£4bn) Acominas integrated steel works in Minas Gerais state.

Sr Henrique Brandao Cavalcanti, president of Siderbras, the state-owned steel holding company and Sr Miguel Goncalves de Souza, the new Acominas president, held talks with Davy, Morgan Grenfell and Government officials on Friday. Further talks are planned next month.

The Acominas project, built by a consortium of British, West German, Brazilian and French interests led by Davy, is Britain's flagship project in Brazil. A squeeze on investment by Brazil has put the project nearly five years behind schedule.

Sr Cavalcanti said at the weekend however that a $120m injection, on top of the near $5bn spent in the past eight years, would enable at least part of the works to come on stream by next March. Siderbras intends to begin operating a $30m billet mill recently installed by Davy, a blooming mill to feed it, and one battery of coke ovens, supplied by Babcock Woodhall Duckham, a division of Babcock International, to fire ingot reheating furnaces in the blooming mill.

Instead of immediately bringing on stream the $170m blast furnace built by Davy, a $73m sinter plant or a $230m Brazilian-built steel making plant, Acominas is proposing simply to buy in steel ingots from other Siderbras plants. Sr Cavalcanti said bringing all the existing components of phase one into operation would probably cost $250m.

The Brazilian proposals involve reviving a memorandum of understanding agreed in February, 1982, under which Davy was to purchase billets worth $120m which it could then sell on to third parties. The deal was never consummated although a similar $60m pre-sale agreement with Ferrostaal of West Germany did go ahead.

Acominas has already signed one firm three-year billet supply deal with a Brazilian rolling mill from next year and Sr Cavalcanti said negotiations with other customers, outside Brazil, would have to start within two months.

He said the response in London to the proposals had been "quite good." Officials at Davy and Morgan Grenfell were cautious, regarding the talks as exploratory, but it is clear that the Brazilians think the amount of money being sought is relatively insignificant compared with the cost of the project so far and that they would be stung by a refusal to go ahead.

Sr Cavalcanti said that while the British side was under no obligation to enter into the pre-sale agreement, "we have expectations."

The prospect of Siderbras going ahead with phase two of the Acominas project could act as an important incentive to the British side agreeing to the Brazilian proposals. Sr Cavalcanti said plans, worth around $500m, to build a medium section and a heavy section mill could be realised by 1988 if phase one were to come on stream, even partially, by next March.

While the key to the project being completed remains the approval of Sr Antonio Delfim Netto, the powerful Planning Minister, who has been hostile to the project, Sr Cavalcanti said the government had shown new interest in Acominas and that "other options" were available if the current talks fail.

Andrew Whitley adds from Rio de Janeiro: The major British clearing banks most heavily involved in lending to Brazil, Midland and Lloyds Bank International, will probably be prepared to provide fresh funds for Acominas, provided the loans obtained a federal Government guarantee.

One leading British banker in Sao Paulo said last week that these loans could be made out of contributions to the $6.5bn "jumbo" loan provided to Brazil under Phase Two of its external debt refinancing programme.

Feature, Page 19

Nuclear pact signed with China

Brazil and China have reached agreement on nuclear co-operation, which will include joint prospecting for uranium and the construction and operation of nuclear power stations, Andrew Whitley writes from Rio de Janeiro.

A memorandum of understanding is to be signed during President Joao Figueiredo's State visit to China, commencing next Sunday. The Brazilian leader left Rio de Janeiro yesterday, at the start of his Far East tour.

The nuclear pact will be one of the most visible signs of the rapidly expanding relationship between the two countries. While China is becoming an important supplier of crude oil to Brazil, Brazilian steel, wood and sugar are finding markets in the other direction.

***Brazilian civil engineering* companies have also been invited, together with U.S. and Japanese contractors, to bid for work on a planned 16,000 Mw hydro-electric dam on the Yangtse River. When complete, the project will rank as the world's largest, dwarfing even Brazil's 12,000 Mw Itaipu dam.**

Outline agreement on the nuclear pact was reached during preliminary talks in Peking last week with a visiting Brazilian delegation. A statement said the spheres to be covered ranged from pure research to the fabrication of nuclear fuel elements.

***Neither country is a signatory* to the Nuclear Non-Proliferation Treaty on the grounds that it discriminates unfairly against developing countries.**

The Chinese nuclear power industry is primarily based on Soviet-developed technology, while the embryonic Brazilian industry results from a mixture of U.S. and West German assistance.

Tarmac wins Cairo sewage contract

By Charles Richards in Cairo

TARMAC Overseas of the UK, in partnership with the local Arab Contractors (Osman Ahmed Osman and Company) have signed a contract worth E£41m (£36m) with the Cairo wastewater organisation in the first phase of a scheme to rehabilitate Cairo's sewers on the East bank of the Nile.

The contract is the second to be signed in the ambitious E£850m scheme and involves building a 3 km culvert from Al Ameriyya to the urban boundaries.

The rehabilitation project has been held up for many years by bureaucratic delays and legal niggles over the wording of contracts. The signing by GEC of the first contract, worth £11.8m in March, has raised contractors' hopes that a flood of orders for British companies worth up to £250m will emerge.

The British Government has exchanged letters regarding the £39m as yet unspent of the Overseas Development Administration grant it has provided to back the project. Samuel Montagu and Midland Bank International have also arranged a £100m commercial loan.

Daimler-Benz plan to make trucks in Turkey

BY JOHN DAVIES IN FRANKFURT

DAIMLER-BENZ, the West German motor manufacturer, plans to start local production of trucks in Turkey. It is already involved in production of buses and diesel motors in co-operation with local interests.

Daimler-Benz has a 36 per cent stake in Otomarsan, the Turkish bus production company and it hopes that the company will be able to produce more than 5,000 trucks a year, as well as 2,000 buses and 9,000 diesel motors for commercial vehicles.

Otomarsan's workforce will nearly double under the plan to about 3,000 and the new jobs will be offered to Turkish workers now at Daimler-Benz plants in West Germany. The number of shareholders in Otomarsan is being widened from three to eight, including Turkiye Is-Bank, the Turkish commercial bank, and Saudi Arabian interests.

The company's basic capital is being boosted from Turkish Lira 550m (£1.1m) to Turkish Lira 9bn. Daimler-Benz said it would retain its stake, but did not disclose how it would contribute to the capital increase.

Daimler-Benz has vehicle production plants in Brazil, Argentina, Spain and the U.S., but because of depressed economic conditions, commercial vehicle output from its foreign works fell 16.4 per cent to 47,200 last year.

But the company said it regarded Turkey as a promising market and aimed to establish a leading role there for its trucks, in addition to its 75 per cent share of the bus market.

Tourism figures down

BY JOHN WICKS IN ZURICH

INTERNATIONAL TOURISM showed a slight decline last year, according to a report issued by the Swiss Tourism Federation in Berne. About 1 per cent fewer foreign tourists travelled in the 25 OECD countries than in 1982.

Income from tourism is believed to have risen however by 3.7 per cent in real terms after dropping back by a price-adjusted 0.2 per cent in 1982.

The OECD tourism committee [illegible] to be expecting an expansion in the tourist market this year and next. Only Spain and the UK showed a noticeable improvement in tourist volume last year, with overnight occupancies in Spanish hotels increasing by 4.3 per cent.

WORLD ECONOMIC INDICATORS

TRADE STATISTICS

		Mar. '84	Feb. '84	Jan. '84	Mar. '83
U.S. $bn	Exports	17.73	17.21	18.33	14.69
	Imports	26.77	26.15	26.59	19.53
	Balance	−9.04	−8.94	−8.26	−2.84
Japan $bn	Exports	13.95	13.73	13.42	11.63
	Imports	11.45	11.40	11.05	10.18
	Balance	+2.50	+2.33	+2.37	+1.45
W. Germany DMbn	Exports	42.30	41.15	36.56	40.09
	Imports	37.80	36.30	34.62	34.64
	Balance	+4.50	+4.85	+1.94	+5.45
UK £bn	Exports	5.73	6.03	5.24	5.15
	Imports	5.92	5.46	5.56	4.87
	Balance	−0.21	+0.57	−0.32	+0.28
France FFrbn	Exports	68.00	62.80	68.89	55.77
	Imports	70.80	67.40	74.34	62.35
	Balance	−2.80	−4.60	−5.46	−6.58
		Jan. '84	Dec. '83	Nov. '83	Jan. '83
Italy Lirebn	Exports	12,077	8,575	10,766	10,235
	Imports	13,038	10,011	10,488	13,091
	Balance	−961	−1,436	+279	−2,856

ADVERTISEMENT

MANAGEMENT AMIDST DIVERSIFICATION

STAYING YOUNG TO MAKE BANKING AN EXCITING BUSINESS

Yoshiro Araki, President, Fuji Bank, Ltd.

By Geoffrey Murray

The climate surrounding the Japanese banking business is rapidly changing through progressive liberalisation and internationalisation of financial services and stiffer competition from other financial institutions like securities companies and post office savings. To meet the challenge, banks have had to take the fullest possible advantage of opportunities offered by technological advances in the computer and communications fields. They have also had to display considerable ingenuity in diversifying their business, creating a wide range of new investment vehicles to attract corporate and individual investors who can now afford to be extremely choosy where they place their money. Business diversification is an important element in coping with the changing environment. For Fuji Bank, the nation's second largest commercial bank (and ranked 11th worldwide) and among the world's leading financial institutions, this is an ongoing process in both the domestic and international spheres of operations.

Apart from traditional banking activities, Fuji plays a leading role in the Japanese business community through the Fuyo Group, established in the early 1960s and now comprising 29 companies holding leading positions in various industrial sectors with whom the bank has had a long-standing financial relationship. The group cooperates in long-range, huge projects which few individual companies could manage alone, such as ocean resources development, oil exploration, industrial and urban renewal projects and activities in the data processing and leasing fields. Most recently, the group has initiated a joint study on how to best utilise the ongoing information/telecommunications revolution.

Internationally, Fuji Bank is extending its network of overseas branches. It now has 47 foreign bases in 21 countries. This network was enhanced in January 1984 by the acquisition of all the shares in the American commercial financial companies, Walter E. Heller & Co. and Walter E. Heller Overseas Corporation. Both at home and overseas, stresses bank President Yoshiro Araki, Fuji welcomes the challenge of increased competition and diversity as a stimulant for increasing its business.

Murray: Amid all the deregulation and internationalisation of the financial services industry, what new services have you developed or are in the process of developing?

Araki: Our goal must always be to keep in step with the diversifying needs of our customers. Through the use of advanced computer systems, a large part of the new services being developed are in the areas of "firm banking" and "home banking". Last June, as a first step to business Cash Management Services (CMS) we began an on-line reporting service directly linked to customers' computers. The service was upgraded in October so as to be available to small businesses using personal computers. As part of a personal CMS, we are now engaged in the systematic conversion of individual customers' saving accounts to time deposit accounts. A home banking service was started in January this year, allowing customers to shop from home by video display. Still in the planning stages are a pay-by-phone service for fund transfers through push-button phones, and the Bank POS system, which permits purchases from retail sales outlets using bank cash cards.

"Electronic Banking Vitally Important"

Murray: Just how important is electronic banking in determining your ability to expand business?

Araki: We are fast entering an information age where we realise we cannot do without continuous computer system development. In recognition of this, we formed the New Media Committee, consisting of four top executives and twelve department heads, to develop a totally new media strategy beginning with VAN (Value Added Network). With the progress being made in the diversification of information/communication resources, we aim to make best use of these in actual business after grasping the individual relationship to the banking business and applicability to operations in general. We are now engaged on the next generation system, known as F-TOP System, which is expected to require a total investment of around 70 billion Yen by the time it is completed in 1987. This will give customers direct access to a full range of information and communication systems. It will incorporate a new account management system, and will be international in scope. It will also contain a securities trading system. To back up all these developments we undertook a corporate structural reform in July 1983 to develop new business, improve our acquisition and dissemination of business information both domestically and internationally, and to better utilise computer on-line systems in all forms of transactions.

Murray: Just how far can a bank go in diversifying its business?

Araki: Generally, that depends on the extent of the diversification of the client's requirements. But even though we would like to diversify rather actively, certain binding legalities, which although gradually being lifted are still hampering the banking system. With the growing trend towards liberalisation, eventually these systems will have to be modified and we have to be ready for that day in order to move swiftly and decisively into new fields. But you can't rush headlong into just any field, ignoring costs and inadequately assessing profit possibilities. It's necessary to act in a bold, yet cautious manner.

"Developing A Multinational Bank"

Murray: Is there more scope internationally than domestically for diversification? Do you see yourselves as a multinational bank, and how does your acquisition of the American financial institutions, Walter E. Heller & Co. and Walter E. Heller Overseas Corporation, fit into that strategy?

Araki: It depends on how long term you want to consider, but eventually the issue of banking being domestic or international will no longer be relevant. We can see that if we retain the same old business patterns, however, our profits will dwindle. We have to seek new roads for developing into a profitable and effective business enterprise. That's why we feel that in order to secure a good profit-taking system it is important to plan a new international strategy and amplify our activities in funds and securities. The core of that strategy is our acquisition of Walter E. Heller & Co. and Walter E. Heller Overseas Corporation. This is a broad, two-pronged strategy, aimed, first, at expanding our sphere of action and tapping the fine middle market spread over the United States, and, second, absorbing and utilising the most advanced banking merchandise service knowhow available through the banking revolution which has already occurred in the United States. The acquisition greatly expanded our network, and we gained an experienced American work force of 3,000. This was the advantageous step in our entry to a new phase in international strategies. Liberalisation and internationalisation are worldwide trends and we want Fuji Bank to increase its usefulness to overseas clients.

Murray: What other new services and new sectors are you aiming at internationally?

Araki: We are developing different strategies to meet the situations prevailing in each locality. However, I can say we are making a great effort in merchant banking, such as the securities business, corporate finance and so on. From the viewpoint of the Yen's internationalisation, expansion of business using the currency, such as enhancement of our manoeuverability in yen-based foreign bond orders which could utilise the features of a Japanese bank, will become important. We are also striving to improve our Total Finance Service System, increasing our investment specialist and trust activities.

"Preparing Staff To Cope With Change"

Murray: Does rapid business diversification impose any unusual burdens on management and staff? Is there, for example, a need for a different type of banker now than in the past?

Araki: Well, perhaps it should not be considered a problem, but increasingly management will have to maintain a flexible, mobile organisation with policies capable of coping with social diversification. The creation of more lively working conditions wherein each employee can realise his or her own full potential will assume greater importance. Fuji Bank has always been open and liberal-oriented, which has created very talented employees. It's true for any period, but especially in these confusing times, that you need people with good foresight, flexible ideas, who are bold and yet circumspect in action, and possess a keen sense of internationalisation. We stress employee training through concentrated lecture courses, on-the-job training, etc. In addition, we send a large number of trainees to foreign banks and securities houses with whom we are dealing. This has given us a strong nucleus of internationally-minded people to promote our global aspirations.

Murray: How would you sum up your philosophy for Fuji Bank?

Araki: Fuji Bank has a proud history spanning more than 100 years. Our 100 years' history notwithstanding, we take even greater pride today in maintaining our youthful outlook and approach. Our task lies in continuing Fuji Bank's strong development on that basis.

Future liberalisation and internationalisation will go on advancing at a faster pace than we anticipated. With the walls between not only domestic businesses but also nations steadily being lowered, competition is bound to become even more intense over wider, more diversified fields of activity.

Given these prospects, I believe that Fuji Bank must remain a youthful organization, grounded in a solid understanding of customer needs, and imbued with a spirit of challenge capable of adapting to change.

FUJI BANK
Tokyo, Japan

Overseas Network
New York, Los Angeles, Chicago, Houston, Seattle, San Francisco, Atlanta, Toronto, Mexico, Sao Paulo, London, Düsseldorf, Zurich, Luxembourg, Paris, Madrid, Bahrain, Tehran, Seoul, Singapore, Hong Kong, Jakarta, Manila, Bangkok, Kuala Lumpur, Beijing, Shanghai, Sydney, Melbourne, Brisbane
• Walter E. Heller & Company, Walter E. Heller Overseas Corporation

Rockwell International technology: It's in everything we do.

Rockwell International is prime contractor for the U.S. National Aeronautics and Space Administration (NASA) Space Shuttle Orbiters and their Rocketdyne main engines.

In November of 1983, the Shuttle carried aloft Spacelab, built by the European Space Agency (ESA). Spacelab is scheduled for its next trip aboard the Shuttle later this year. On another mission, NASA's Shuttle crew deployed and retrieved the West German SPAS satellite for the conduct of scientific experiments in space.

Only a company able to combine technology with outstanding engineering and management skills can provide the leadership to help man utilize space. That capability goes into our aerospace business and makes us a leader in everything we do at Rockwell.

In the automotive industry: Rockwell's European production includes the manufacture of axles in Cameri, Italy, for European truck markets. Elsewhere in Europe, we produce brakes, door locks, sunroofs, window regulators and other components for use in heavy-duty trucks, trailers, off-highway vehicles and passenger cars.

In electronics: Our European businesses supply Rockwell-Collins air transport, military and general aviation avionics, semiconductors and high-speed integral modems, as well as high-technology telecommunications systems. For military applications, our European businesses supply electronic products and systems for a variety of airborne, ground and shipboard uses.

In general industries: The company's European businesses manufacture and market newspaper printing presses and print-related equipment, gas and water meters, industrial sewing machines and a wide range of industrial valves that control the flow of oil, gas, water, steam and process fluids.

We're an $8,000 million company where science gets down to business in four diverse areas. And that diversity has helped us achieve eight consecutive years of increased earnings and impressive growth.

If you are interested in any of our products or want to learn more about us, write: Rockwell International Ltd., Heathrow House, Bath Road, Hounslow, Middlesex TW5 900, England, U.K.

Rockwell International

...where science gets down to business

Aerospace / Electronics
Automotive / General Industries

Photo of the Rockwell International-built Space Shuttle in orbit, taken from the West German SPAS satellite.

هكذا من الاصل

TUC set for coal strike intervention

BY JOHN LLOYD

TRADES UNION Congress (TUC) leaders are now anxious to play a role in settling the miners' dispute – now entering its eleventh week – though there are no signs that the dominant left majority on the National Union of Mineworkers' (NUM) executive is yet ready for compromise.

The dispute it likely to be discussed at today's meeting of the TUC's finance and general purposes committee – which brings together its senior members – and by the entire general council on Wednesday. It will also surface at talks between Labour and trade union leaders in a meeting today of the TUC-Labour Party Liaison Committee.

Mr Alan Tuffin, general secretary of the Union of Communications Workers, has written to the TUC calling for a one-day conference to co-ordinate assistance to the miners, and for a meeting with Mrs Margaret Thatcher, the Prime Minister.

Mr David Basnett, general secretary of the General Municipal and Boilermakers Union said last night: "The sooner the general council and the NUM start talking about this dispute the better".

Barriers to such talks remain formidable, however. Mr Len Murray, the TUC general secretary, found himself at the centre of a controversy over his advice to TUC regional officials in Yorkshire and Humberside that they had exceeded their authority in calling for one-day strikes in their areas.

His initiative was roundly condemned over the weekend by these officials, and by a conference of the Northern Regional Labour Party in Newcastle.

Moves to bring the two sides together will continue today with a meeting between Mr Ian MacGregor, the National Coal Board (NCB) chairman and Mr Stan Orme, Labour Party's Energy spokesman. Mr Orme is expected to urge a relaxation of Mr MacGregor's insistence that 20,000 jobs go in the industry with a loss of 4m tonnes of capacity.

Mr MacGregor is not expected to offer any significant compromises – but the NCB may be interested in exploratory talks

Union challenged on Hitachi pact

BY OUR INDUSTRIAL STAFF

A REMARKABLE example of a Japanese-style industrial relations system is about to be put into place at the Hitachi televisioo plant in Hirwaun, South Wales.

The agreemeot, between the company and the Electrical and Plumbing Trades' Union (EPTU), has already angered the other unions which had operated io the plant and are now cut out of negotiating rights under its terms.

They include the white collar unions ASTMS and AUEW-Tass, the engineering and building workers unions, which are to take the EPTU to the TUC's disputes procedure alleging a serious breach in the procedures governing inter-union conduct.

Much more far-reaching, however, are the terms of the agreement itself. It begins by admitting that the "existing business ... is almost bankrupt ... the existing factory standards and efficiencies are the worst in the UK in any competitor comparisoo" Ten days ago the company announced a cut of 500 in its 1,300 jobs.

It says that the conditions in the agreement are "essential to Hitachi as a beginning" if the company is to remain. By British standards, they are both tough and egalitarian.

All disputes must be resolved "without lock-out and without any form of industrial action" by individuals or groups. Disputes will be referred to a "company members' board."

Workers are expected to abide by the "guiding principles" of the Hitachi management philosophy

Other features of the agreemeot are a 7 per ceot pay rise to all staff – a relatively generous ooe – but without negotiation; all workers may be required to perform "whatever jobs and duties are within their capabilities" and all employees, including middle and senior managements must wear company uniforms and name badges. Overtime working is mandatory "to suit the oeeds of the business."

Hitachi will have the right to challenge the credentials of shop stewards who will be elected annually.

Kinnock rules out any deal with Alliance

BY JOHN HUNT

MR NEIL KINNOCK, leader of the Labour Party, yesterday firmly ruled out the possibility of a coalition between his party and the Social Democratic Party (SDP)/Liberal Alliance if there is oo decisive party majority after the next general election.

He also confidently predicted that Labour would not be beaten into third place by the Alliance in the elections to the European Parliameot. Labour, he said, would do better than in the Euro-elections of 1979 when it woo 17 seats to the Conservative Party's 60.

The campaign for the European Parliament, with voting taking place in 79 UK constituencies on June 14, will go into high gear today. Mr Kinnock will head a Labour press conference and Mrs Margaret Thatcher, Prime Minister, and a big team of ministers will be launching the Conservative campaign.

Interviewed on BBC radio yesterday Mr Kinnock dismissed receot suggestions from Mr Frank Field, Labour MP for Birkenhead, that Labour might eventually have to form a coalition government with the Alliance.

He said the suggestion was a "fad," entirely unnecessary, impracticable and dishonest. If Labour did oot have a clear majority at the general election then there would have to be another election so that it would be returned with the power to "clear up the mess."

Dealing with suggestions that Labour might come third to the Alliance in the Euro-elections he said: "It is not going to happen." He saw specific reasons why Tory voters had gone over to the Alliance in recent Parliamentary by-elections, but these did not apply to the Euro-elections. There would be no slippage of Labour votes and the party's share would be "very substantially higher" than last time.

Labour will be attempting to turn the elections into a referendum on Mrs Thatcher's domestic record in the year since the general election.

It will be proposing a joint reflation with other European countries to reduce unemployment and contrasting this with the growth of unemployment under the Tories. Labour has a problem inspiring its party workers, however. Many of them are opposed to the Community.

I. J. Dewhirst
Holdings p.l.c.
Clothing Manufacturers
Highlights from the Statement by the Chairman, ALISTAIR J. DEWHIRST

Profits
* Group pre-tax profit £3,417,000 — up 16.8%.

Sales
* Sales £33,691,000 — up 23.0%.

Dividend
* Total Ordinary dividend for the year of 1.20p per share — an increase of 18.1%.

Scrip Issue
* Proposed 1 for 4 scrip issue.

Employee Share Schemes
* Involvement and interest continue to grow as schemes enter their third year.

Production and Expansion
* Significant increase in output results from continued capital investment.
* Expansion in design departments has proved crucial as development of casual clothing continues.

Future
* Increased demand in late 1983 extends into 1984.
* Work started on new suit factory at Leechmere, near Sunderland; several existing factories to be extended.
* Continued growth envisaged.

I. J. Dewhirst Holdings p.l.c., Duwear House, Westgate, Driffield, North Humberside, YO25 7TH.

ijd

Jobs plea for world economic summit

BY JOHN LLOYD, INDUSTRIAL EDITOR

TRADE UNIONS in the industrialised countries will press for higher employment and control of technological change at the world economic summit to be held in London on June 7-9.

The trade union advisory committee (Tuac) of the Organisation for Economic Co-Operation and Development will meet Mrs Margaret Thatcher, Prime Minister, who is to chair the summit on May 31.

Its statement for Mrs Thatcher says: "Governments have the responsibility to provide a framework for economic employment growth – and the most realistic way to achieve this is through co-operation which involves the trade unions and business community."

Ironically, the man to preseot this statement will be Mr David Basnett, Tuac's chairman, who is also general secretary of the Geoeral Municipal and Boilermakers Unioo. This union was the major influence behind the UK unions' decision to leave the National Ecooomic Development Council, the main tripartite forum. The decision was taken because of the banning of unions at the Government's communications centre at Cheltenham.

Mr Basnett said yesterday his message to world leaders would be: "Let us put employment on top of the agenda for the whole world and let us acknowledge that technology and progress are our friends if we approach this matter together."

Editorial comment, Page 18

Casstel brings freedom of choice to the phone.

Until recently British Telecom held a monopoly on supplying and installing PABX systems.

Not any more. Cass brings you the freedom of choice.

The Casstel system offers sophisticated and highly cost effective electronic switchboards

So make Casstel your first choice – and keep your business efficiency in touch with technology.

APPROVED

Cass Electronics Limited,
FREEPOST, Crabtree Road, Thorpe,
Egham, Surrey TW20 8BR.
Tel: (0784) 36266
Telex: 934593

CASSTEL FROM MITEL

CASS
Cass Group p.l.c.

REED INTERNATIONAL P.L.C.

(1) Dfls. 100,000,000 11½% Bonds 1974 due 1980/1989

(2) Dfls. 35,784,000 11½% Bonds 1976 due 1980/1989

With reference to its advertisement of April 13, 1984 the undersigned herewith reports; that

1. For the mandatory fifth redemption payable on June 15th, 1984
   a. in respect of the loan shown under 1) above has been drawn number: 6
   so that all bonds of which the number of the redemption group is 6, will be redeemable at par;
   b. in respect of the loan shown under 2) above has been drawn number: 16
   so that all bonds of which the number of the redemption group is 16, will be redeemed at par.
2. For the redemption payable on June 15th, 1984 by prepayment
   a. in respect of the loan shown under 1) above have been drawn the numbers: 1, 7, 8, 9, and 10
   so that all bonds of which the number of the redemption group is 1, 7, 8, 9, or 10 will be redeemable at 101½%;
   b. in respect of the loan shown under 2) above have been drawn the numbers: 11, 17, 18, 19 and 20
   so that all bonds of which the number of the redemption group is 11, 17, 18, 19 or 20 will be redeemable at 101½%.

The bonds so drawn will be payable at the office of the paying agents mentioned hereafter: Amsterdam-Rotterdam Bank NV, Algemene Bank Nederland NV and Banque de Paris et des Pays Bas NV at Amsterdam, Rotterdam, The Hague and Maastricht in so far as they are established there. As far as K-certificates are concerned, these must be presented with all unmatured coupons.

In 1980 the number 3 in respect of the loan under 1 above and the number 13 in respect of the loan under 2 were drawn for redemption on June 15th, 1980.
In 1981 the number 2 in respect of the loan under 1 above and the number 12 in respect of the loan under 2 were drawn for redemption on June 15th, 1981.
In 1982 the number 4 in respect of the loan under 1 above and the number 14 in respect of the loan under 2 were drawn for redemption on June 15th, 1982.
In 1983 the number 5 in respect of the loan under 1 above and the number 15 in respect of the loan under 2 were drawn for redemption on June 15th, 1983.

NEDERLANDSCHE TRUST-MAATSCHAPPIJ BV

Amsterdam, May 14, 1984

Holborn Fund Management (Guernsey) Ltd.,
P.O. Box 64, Bermuda House, St. Julian's Ave.,
St. Peter Port, Guernsey. 0481-26268.

Holborn Currency Fund Limited

Prices as at 17.5.84

	Bid	Offer
Mgd. £	99.0p	99.3p
Mgd. US $	$9.71	$9.74
£ Dep.	102.4p	102.7p
US $ Dep.	$ Nil	$10
DM Dep.	DM 50.65	DM 50.63
Sw Fr Dep.	Sw Fr Nil	Sw Fr 50
J. Yen Dep.	Yen 5,069	Yen 5,098

You'll find 576 thinking hours a day can make a world of difference.

The Royal Bank's global network is far more than just a network of places. It's a network of people. Experienced people with the skills, expertise and local knowledge that bring mature judgement and high quality of thought to your needs. Working across all 24 time zones, it's as if the Royal Bank crams 576 thinking hours into every day.

Each of our area headquarters is staffed by experienced banking specialists with a high degree of autonomy, which means you're closer to our key decision makers. You get the kind of responsiveness you need when speed is important.

INTERNATIONAL MONEY MARKETS

We're best known as one of the world's leading banks in terms of U.S. and Canadian dollar foreign exchange transactions. And we have established trading capabilities in other major currencies in the key financial centres of the world.

MERCHANT BANKING

As one of the world's leading merchant banks, Orion Royal can offer you proven innovative thinking in corporate finance and substantial placing power in international capital markets.

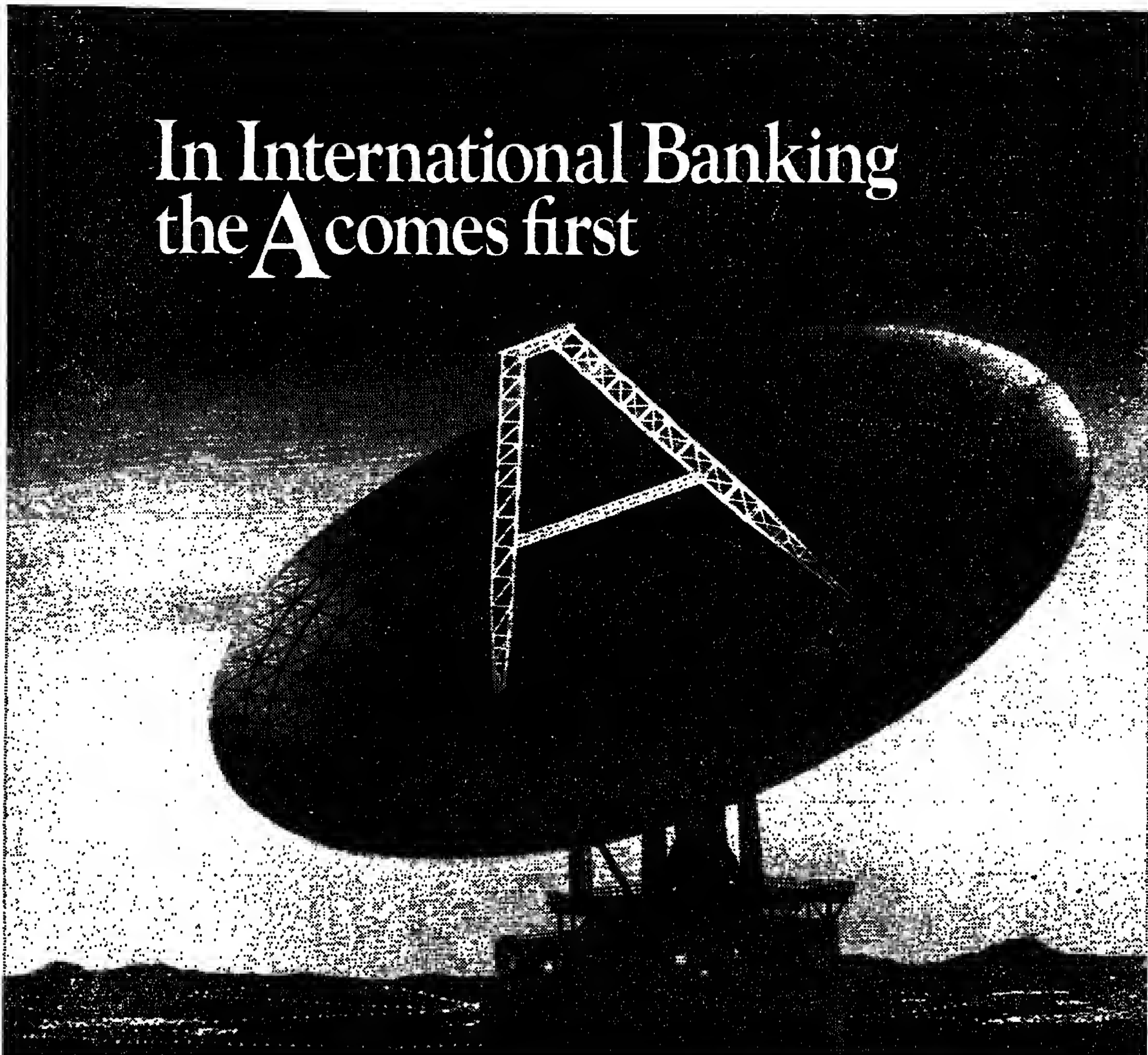
WORLD TRADE

From Europe to Latin America to the Far East, our trade officers link you with our network of trade finance specialists to provide a depth of local market knowledge and a wealth of international trade experience.

Give us the challenge. We'll use our minds imaginatively; our global network effectively; and your time productively.

THE ROYAL BANK OF CANADA

Assets: U.S. $72.0 billion. Network: more than 1500 branches worldwide; 210 operating units in 46 countries; 44 subsidiaries and affiliates; over 3600 correspondent relationships.
In Europe and the Middle East: London, Paris, Brussels, Geneva, Frankfurt, Hamburg, Düsseldorf, Dortmund, Madrid, Beirut, Cairo, Bahrain, Dubai.

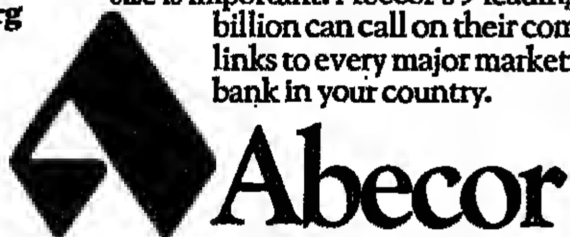


Abecor – the member banks.
ABN Bank (Algemene Bank Nederland)
Banca Nazionale del Lavoro
Banque Bruxelles Lambert
Banque Nationale de Paris
Barclays Bank
Bayerische Hypotheken- und Wechsel-Bank AG (HYPO-BANK)
Dresdner Bank AG
Österreichische Länderbank
Banque Internationale à Luxembourg
Associated Member
Banque de la Société Financière Européenne

The Abecor A is the mark of the biggest banking association of its kind in the world. As a client – that gives you significant advantages in international banking.

Clear route to international finance. With Abecor, your credit rating holds good in each of the member countries. Through the network of 12,000 branches of the member banks – in 120 countries – you can count on expert analysis of market conditions. You can arrange quick transfers of funds, settle accounts locally.

Locally Based – Internationally Strong. In international banking, size is important. Abecor's 9 leading banks with assets of over US $440 billion can call on their combined financial skills, with direct links to every major market. And it's all as close as the member bank in your country.



The biggest banking association of its kind in the world.

UK NEWS

Ministers wrangle over costs of property tax Bill

BY ROBIN PAULEY

A HEATED argument has broken out between Treasury and Environment Department ministers about how much should be added to next year's public expenditure plans to deal with the consequences of the Rates (property tax) Bill which seeks to curb high-spending local authorities, and the promises given to MPs to limit damage to the Bill's parliamentary passage.

Environment Department ministers are asking for more than £1bn to be added into the 1984-85 public spending plans, while the Treasury is offering only about £500m.

Ministers involved in the annual round of talks about public expenditure levels will discuss the disagreement at a meeting this week of a sub-committee of the Cabinet's economic committee. If no agreement can be reached the issue may have to go to the full Cabinet.

The Environment Department's arguments for more than £1bn cover three areas:

- The 12 to 20 councils to have their expenditure "capped" under the Bill will need to be given reasonable targets which implies substantially raising their current targets, some of which are being overshot by 80 per cent.
- During a recent parliamentary debate, Environment ministers promised MPs from low-spending areas that once the Rates Bill was effective it would be possible to give the Tory areas easier (higher) targets.
- Local councils have exceeded their budgets by around £850m this year, and some allowance for this needs to be made for realism in the next year's figures.

Environment Department figures confirm an earlier analysis by the Financial Times which estimated that the cost of the first item would be at least £500m, and the second item would cost at least £400m just to maintain the 1984-85 target methodology for 1985-86. To ease the position of councils would cost a lot more.

Initial Treasury reaction to the Environment Department's plight over the cost of the Rates Bill was initially sympathetic and Mr Peter Rees, Chief Secretary, has pointed out that there is a large contingency reserve of £3.75bn for 1985-86.

But now the department has put figures on its claim, the Treasury is less enthusiastic, and the £500m gap between the two negotiating positions means that some tough bargaining lies ahead.

The Treasury is arguing that the promise to help some areas does not need as large a percentage increase to targets as Mr Patrick Jenkin and his colleagues claim. They also reject his argument that if the Rates Bill is to appear sensible the expenditure limit for the "capped" councils must be very close to their target. The Treasury view is that there can be a considerable gap between the two figures.

Fowler in favour of portable pensions

By Peter Riddell

MR NORMAN Fowler, the Social Services Secretary, is set to come out in support of the introduction of personal portable pensions alongside the present company based occupational framework.

The five man inquiry team under the chairmanship of Mr Fowler is close to finalising proposals which are intended to permit much greater flexibility in personal pensions while not undermining existing schemes.

At a meeting earlier this month at the Commons, with 30 to 40 Tory backbench MPs, Mr Fowler indicated his support for personal portable pensions. He also referred favourably to proposals produced last month by the Legal and General Assurance with whose executives he has held discussions.

Most of the MPs present at the recent meeting apparently were strong backers of portable pensions in order to assist people who change jobs frequently and the many workers without occupational schemes. Reservations were expressed by only a handful of MPs who are pensions specialists.

Mr Fowler's report is expected to be published next month or in early July. Legislation is not likely until the 1986 session but the timing could depend on the response to the report.

Unilever head tells Government not to intervene in industry

BY JOHN LLOYD, INDUSTRIAL EDITOR

GOVERNMENT should steer clear of any attempts to intervene in industry in order to sponsor innovation, or to construct an "industrial policy" – according to one of the country's leading industrialists.

Mr Kenneth Durham, chairman of Unilever, says that some Cabinet Ministers have "exactly the same sentiments" in wishing to intervene in industry as their Labour predecessors.

In a paper published today by the Conservative Bow Group, of right wing MPs Mr Durham says: "I feel pretty certain that any industrial policy actively pursued and sponsored by Government would degenerate into a policy for protection or for subsidising uncompetitive industries because they are, as we hear so often, "basic". I am beginning to believe that "basic" is now a euphemism for "old", certainly for old-fashioned."

Mr Durham also defends the maintenance of some resistance to innovation and change – though in the context of advocating more exploitation of new ideas. He says that "an organisation totally devoid of resistance to change would fly apart at the seams. It *must* be ambivalent about radical technical innovation. It *must* both seek it out and resist it."

He defines innovation, not as invention of discovery, but as "the synthesis of, on the one hand, a particular customer or market need and, on the other, the technical means of satisfying that need. The third dimension is that of time, for the synthesis must take place at the time that the market need is clearly expressing itself."

("Innovation – the need and the difficulties" by Kenneth Durham; Bow Publications, 240 High Holborn, London WC1V 7DT; 4pp; 50p.)

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

STEEL BURRILL JONES GROUP PLC

(Registered in England under the Companies Acts 1948 to 1981 No 1660078)

SHARE CAPITAL

Authorised		Issued and now being issued fully paid
£1,100,000	in Ordinary Shares of 10p each	£880,000

Placing by
Sheppards and Chase
of
2,500,000 Ordinary Shares of 10p each at 110p per share

The principal business of the Group is reinsurance broking in the London marine market. In addition the Group carries on the business of direct insurance broking and reinsuranca broking in the non-marine market.

Application has been mada to the Council of The Stock Exchange for the grant of permission to deal in the Company's Ordinary Shares issued and now being issued in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. A proportion of the shares being placed is available to the public through the merket.

Particulars of the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdaya and public holidays excepted) up to and including 11th June, 1984, from:

Sheppards and Chase,
Clements House,
Gresham Street,
London EC2V 7AU

RHP Group plc

Half Year Results
26 weeks to 30th March 1984

- Significant improvement all round
- Further reduction in borrowings
- Turnround into profit in Bearings activity
- Increased dividend
- Substantial increase in Electrical profits
- Better prospects for all sectors of the Group

	26 weeks to 30.3.84 Unaudited £000	26 weeks to 1.4.83 Unaudited £000	52 weeks to 30.9.83 Audited £000
Sales	53,458	51,196	102,379
Operating Profit	3,050	754	3,481
Exceptional Items	(127)	(235)	(343)
Profit before Interest	2,923	519	3,138
Interest	(817)	(1,418)	(2,478)
Profit before Tax	2,106	(899)	660

The Chairman's review and interim statement are available from:
RHP Group plc, P.O. Box 20, Pilgrim House, High Street, Billericay, Essex CM12 9XY.

The Bank of Tokyo, Ltd.

2/F, FAR EAST FINANCE CENTRE,
16 HARCOURT ROAD,
Hong Kong.

NEGOTIABLE FLOATING RATE UNITED STATES DOLLAR CERTIFICATES OF DEPOSIT SERIES 103 DUE NOVEMBER 19, 1984

As agent bank for these Certificates of Deposit Morgan Guaranty Trust Company of New York hereby certifies to holders that the rate of interest payable on the Certificates for the interest period beginning May 18, 1984 and ending November 19, 1984 is Twelve 7/16 Percent (12 7/16%) per annum.

Agent Bank
MORGAN GUARANTY TRUST COMPANY
of New York
Hong Kong

Standard Chartered

Standard Chartered Finance B.V.
(Incorporated with limited liability and established at Amsterdam in The Netherlands)

US$100,000,000 Guaranteed Floating Rate Notes 1991

Guaranteed on a subordinated basis as to payment of principal and interest by

Standard Chartered Bank PLC
(Incorporated with limited liability in England)

In accordance with the provisions of the Notes, notice is hereby given that for the six months period (185 days) from 18th May to 19th November, 1984 the Notes will carry interest at the rate of 12⅜ per cent. per annum.

The interest payment date will be 19th November, 1984. Payment which will amount to US$635.94 per US$10,000 Note, will be made against surrender of Coupon No. 6.

J. Henry Schroder Wagg & Co. Limited
Agent Bank

NIGHTHAWK RESOURCES LIMITED

A four for one stock split was approved by shareholders and regulatory authorities and became effective on 17th May 1984.

Financial Planning Services B.V.,
112 Kalverstraat, Amsterdam
act as financial advisors to the company.

Approval given for Ulster mining project

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT has agreed to a 10-year pilot project for the open cast mining of lignite, or brown coal, in Northern Ireland. It is likely to lead to the building of a new power station.

A mining licence and planning permission have been granted to Northern Strip Mining, a wholly-owned subsidiary of the Mining Investment Corporation (Minorco) and a part of the Burnett and Hallamshire Group.

The licence provides for the extraction of up to 1.25m tonnes of lignite a year from an area in County Antrim on the shore of Lough Neagh. Work should begin in two years.

Reserves of more than 100m tonnes have been identified. Prospecting is continuing in an effort to verify an estimate of a further 300m tonnes which could lie beneath the waters of Lough Neagh. The mining operation will create up to 100 jobs in the short-term, and this could grow to 300.

Mr Adam Butler, Minister of State at the Northern Ireland Office, said the decision was of major significance to the local economy. The progressive use of lignite would help reduce the dependence of the Northern Ireland Electricity Service on imported fuels and would give greater flexibility to the province's energy options.

Lignite is found in quantities in Germany, Greece and Yugoslavia where it is used mainly for electricity generation. The pilot project in Ulster, as well as producing lignite for sale, will provide more information on the quality of the fuel.

The prospect of a new power station is some way off but Mr Butler said that electricity generation at the mine site was the most cost effective way of using the reserves.

He expected that it would progressively dilute the high cost of producing power from oil. The first effects, he said should be to reduce the size of the government subsidy which holds down electricity prices in Northern Ireland.

Farmers press for milk output plan

BY ALAN FORREST

DAIRY FARMERS will be meeting ministers and MPs in London this week to try to agree a plan to cushion their industry from the effects of EEC cuts in milk production.

A Department of Agriculture spokesman said yesterday: "It will not be a plan that involves a lot of Government support, although there will be Government funds involved.

"What is being suggested is a switch of the burden on the small dairy farmers to the larger ones." This would involve the "recycling" of about £25m within the industry.

Negotiations begin today when Welsh farmers' leaders – there are more than 4,000 milk producers in west Wales alone – start a week of talks. Mr Myrddin Evans, president of the Farmers Union of Wales, will meet Mr Nicholas Edwards, Secretary for Wales today.

Other farming delegations will meet Mr Michael Jopling Minister of Agriculture, and members of a House of Commons Select Committee later in the week.

The Ministry said: "We are aiming at an agreement which will protect the dairy farmer with fewer than 40 cows. It involves re-allocating milk with the larger farmer taking the extra burden."

Mr Evans said yesterday: "Unless the full impact of the EEC cuts can be blunted, the heart will be torn out of important milk producing areas." And farmers fear a further loss of jobs in areas such as Wales where unemployment is already above the national average.

In this week's talks the Welsh farmers will present their own survival plan. This recommends Government compensation to farmers giving up milk production and also exemption from quota penalties for smaller dairy units.

Shipping freight rates 'still depressed'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SHIPPING FREIGHT rates moved up in April and the latest laid-up tonnage figures showed a decrease, but the General Council of British Shipping (GCBS) drew little comfort from its most recent set of world statistics.

"The huge volume of idle tonnage, 12 per cent of all world tonnage, continues to keep freight rates depressed," the GCBS said. In March, the laid-up total fell by 2.5m deadweight tonnes to 80.4m dwt, mostly in tankers.

The GCBS said that the fall in the laid-up figure and the rise in freight rates were both very small. "We don't see an improvement in shipping markets generally until there is a more sustained growth in world trade and until supply and demand are more nearly into balance."

The rate improvement was expressed in a five point rise in the GCBS's tramp trip charter index to 111 at the end of April. This index (1976=100) measures single voyage rates.

The March fall in the figures of world laid-up tonnage followed a slight rise the previous month. The peak level was 100.5m dwt in May last year.

EUROPEAN SPACE PROGRAMMES

The above survey, due to appear in today's paper, will now be published on Wednesday May 23

TYNDALL BANK STERLING MONEY FUND

8·5 on deposit and write your own cheques

(Annualised compound equivalent 8·77%)

Designed to suit the special needs of British expatriates and overseas residents, the Tyndall Bank Sterling Money Fund is a unique high interest deposit account with a cheque book.

Expatriates benefit from rates of interest normally only available to major investors in the money market and keep their funds immediately accessible.

Interest is paid gross without deduction of tax.

Consider the following advantages:

- Your money is invested with H.M. Treasury, recognised banks, their wholly owned subsidiaries and selected local authorities — assets of the highest calibre. So you get high rates of interest and the highest security.
- The convenience of a cheque book gives you access to your funds at all times. Use it to pay school fees, for instance, or to transfer to your current account.
- Interest credited four times a year means an even higher return because the interest itself earns interest for you. So the current rate, if maintained, equals 8.77%.
- No reports are made to any government authority, for non-residents of the Isle of Man.

Tyndall Bank (Isle of Man) Limited is licensed under the Manx Banking Act 1975.

The Tyndall Group is one of the leading investment management groups in the UK and is wholly owned by Globe Investment Trust PLC. Funds managed within the Globe Group exceed £1,000 million.

Rate at time of going to press. Current rate published daily in the Financial Times.

Minimum opening deposit £2,500. Regular savings from £100 per month. Send off now for a booklet and application form by completing the coupon below.

Tyndall Bank (Isle of Man) Limited

Dept FTF, 30 Athol Street, Douglas, Isle of Man

Telephone: (0624) 29201 Telex: 628732

Please send me full details of the Tyndall Bank Sterling Money Fund. I am/am not a customer of Tyndall Bank (Isle of Man) Limited.

Name

Address

FTF/May/84

Trinkaus & Burkhardt

Bank since 1785

		1983 in million DM	1982 in million DM*)
Trinkaus & Burkhardt Group	Business Volume	5,691	5,546
	Total Assets	5,468	5,229
	Deposits	4,932	4,725
	Credits	3,986	3,843
	Capital	187	187
Trinkaus & Burkhardt Düsseldorf, Essen, Frankfurt, München, Stuttgart	Business Volume	4,283	4,242
	Total Assets	4,061	3,923
	Capital Funds	187	187
Trinkaus & Burkhardt (International) S.A., Luxembourg	Total Assets	1,448	1,338
	Capital Funds	51	42
Trinkaus & Burkhardt (Schweiz) AG, Zurich	Total Assets	105	92
	Capital Funds	18	16

*) Foreign currencies converted at the rates as of December 31, 1983

NOW, HAVING YOUR SAVINGS ON TAP NEED NOT MEAN INTEREST DOWN THE DRAIN.

Barclays Prime Account offers 9.04%† APR, and at the same time, it lets you take your money out as fast as you can write a cheque.

No need to pay your branch a visit. No delays. No penalties. You don't even need to bank with us.

What's the catch, you ask? There isn't one. But there are a few conditions...

You need £2,500 for a start.

As well as for individuals a Prime Account can be opened for groups* such as clubs, associations and charities. But not for limited companies.

The minimum amount required to open a Prime Account is £2,500.

Indeed, if your balance does drop below that figure your interest will follow it down to 2½% below our normal 7-day deposit rate.

In any event, we ask you to keep your account in credit.

On the other hand we will be pleased to accept additions to your account in amounts not less than £250.

And the sky's the limit.

You get a higher rate of interest. (9.04%† APR)

The Prime Account interest rate will be based on the preceding week's London money market rates.

The interest is calculated on a daily basis on the cleared balance, and credited to your account quarterly.

Today the Prime Account interest rate is 9.04%† APR.

We establish the rate weekly in advance, and it is published in the Financial Times.

Statements are issued quarterly or as you request them.

A cheque book provides instant access to your cash.

Cheques must be for £250 or more. Apart from that, you can use your cheque book like any other to draw cash, pay bills or put money into your cheque account.

You can issue 6 cheques per quarter without charge. And then they cost 50p each.

You may also have one standing order** free each month for not less than £20 to transfer cash to a cheque account.

This could, for example, be used to provide you with a regular monthly income.

If you have a joint account for two or more people, we will honour cheques signed by any one of the account holders.

Should you want to stop a cheque first telephone us on 0604 252891 and then confirm in writing giving full details. It will cost you £2.50.

If you wish to open a Prime Account now, complete the coupon and pop it in the post with your cheque.

To: Barclays Prime Account Office, P.O. Box 125, Northampton NN1 1SU.
I/We enclose a cheque for £_____ (min. £2,500) payable to Barclays Bank PLC
Please open a Prime Account:

PLEASE COMPLETE IN BLOCK CAPITALS

1. Mr/Mrs/Miss
2. Mr/Mrs/Miss
3. Group/Joint Account Title

FT 21/5

Signature(s) 1. 2.

If more than two, please complete details on a separate sheet and attach to application.

Address

Postcode Telephone: Home Business

Banker: Name Address

Bank Sorting Code No.

†ALL PARTIES SHOULD SIGN THE APPLICATION FORM. ADDITIONAL FORMALITIES MAY BE NECESSARY.

BARCLAYS PRIME ACCOUNT

PUBLISHED BY BARCLAYS BANK PLC. REG. NO. 48839 REG. OFFICE: 54 LOMBARD STREET, LONDON EC3P 3AH.

†RATE VARIABLE CORRECT AS AT 15 MAY 1984. *FOR ACCOUNTS IN THE NAME OF CLUBS AND ASSOCIATIONS PLEASE FORWARD A COPY OF THE RULES. **FULL DETAILS ON THE REGULAR INCOME OPTION WILL BE FORWARDED WITH THE ACCOUNT OPENING PACK.

Benlox Holdings Plc

1983 Group Results

	1983	1982	
Turnover	£8,580,941	£6,066,384	up 41%
Profit on ordinary activities	£325,084	£67,525	up 381%
Earnings per share	6·09p	1·41p	up 332%
Dividends per share	1·0p	0·5p	up 100%

"These figures reflect a most satisfactory year, and the Company has announced a rights issue to raise £1,370,000 as additional funds to maintain and continue the growth demonstrated by the figures shown above.

I have every confidence that the group will make further progress during 1984."

Michael A. C. Buckley
Chairman

Copies of the Report and Accounts are available from The Secretary, 9 West Halkin Street, London SW1X 8JL.

UK NEWS

Builders begin campaign to lift additional VAT levy

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE CONSTRUCTION industry is mounting a campaign to reverse the Government's decision to impose value-added tax (VAT) on building improvements and alterations in addition to repair work.

A proposal to levy VAT at 15 per cent on this work was included in this year's budget. The Building Employers' Confederation (BEC) estimates that about £100m worth of building work will be lost to the industry in this financial year as customers cancel or scale down their construction needs.

They also fear that the tax decision could cost up to 100,000 jobs and encourage the growth of unscrupulous builders who do not pay VAT.

The BEC is writing to Mrs Margaret Thatcher, Prime Minister, complaining about the effects of government policies, while the National Cootractors' Group (part of the BEC) has enlisted advertising agents Saatchi and Saatchi – which also acts on behalf of the Conservative Party – to help to present the campaign.

"We are not going to be frightened of having a go at the Government and making quite clear the effects of not spending on schools, hospitals and factories", said Mr Michael Millwood, BEC president.

Tory MPs recently have also attacked the VAT proposal as "clumsy, damaging and ill-thought-out." A peculiar irony of the plan is that it could harm the Government's housing policy.

The Government is seeking to encourage inner city building and urban renewal, but the VAT ruling is making many builders have second thoughts about refurbishing decaying local authority housing to produce cheap homes for sale.

Editorial chief to quit TV-am

By Raymond Snoddy

MR GREG DYKE is to resign as editor-in-chief of TV-am, the London-based commercial breakfast television company. The resignation will be formally announced after a board meeting tomorrow.

Mr Dyke's impending departure, which follows the arrival of Mr Bruce Gyngell as managing director of TV-am earlier this month, is likely to be a serious blow to the company.

He took over editorial control of the programme a year ago today when the peak daily ratings were stuck at 200,000 viewers. The latest ratings show TV-am with peak ratings of 1.5m, 100,000 ahead of the BBC's Breakfast Time.

It was the first time TV-am had beaten the BBC outside a holiday period.

It is believed that the dispute, which will lead to Mr Dyke's departure from TV-am, involves disagreement over the editorial budget and the allocation of resources.

Under Mr Timothy Aitken, the chief executive, Mr Dyke was given a free hand on editorial matters. Mr Gyngell, a close associate of Mr Kerry Packer, the second largest shareholder in TV-am, is involving himself much more in the detailed management of all aspects of the company.

Mr Gyngell, who has nearly 30 years experience in television, is also looking for further cutting of costs at the station which is losing around £300,000 a month. Costs are running at between £1.25m to £1.3m a month while advertising revenue in recent months has been around £1m.

The recent £4m refinancing involved a cost cutting deal with the unions, a no compulsory redundancy clause and costs envisaged at £1.25m a month for the rest of this year.

Mr Gyngell is said to be trying to get this figure closer to £1m. Mr Packer is said to believe the station which employs around 370 is overmanned and over-expensive.

Ford predicts jump in diesel car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH new car market is changing rapidly, Mr Sam Toy, Ford of Britain chairman, says. Cars bought for business purposes are taking a smaller share of the total market, and he predicts that diesel car sales will more than double within a year.

Purchases of new cars by fleets, businesses and partnerships of all kinds over the past four years have dropped from 55 per cent of the market to about 47 per cent, according to Ford's research.

Suggestions that the fleet and business sales account for 60 per cent or 70 per cent of the market are "nonsense" Mr Toy, says.

Ford has been tracking "business purpose" car sales for five years and its statistics cover every type of purchaser, from the small businessman who buys one vehicle every four years to the big fleets which buy thousands each year.

Mr Toy predicts that diesel car sales, which were taking a record 1.7 per cent of the market in the first four months of this year, will account for 4 per cent to 5 per cent by April next year.

Ford recently launched throughout Europe cars with its first small diesel engine, the 1.6 litre unit brought into production at the cost of £160m at the Dagenham plant near London.

Seveoty per ceot of the engines are to be exported to continental markets where the diesel sector of car sales is much higher – 10 per cent on average.

But even in Britain, where demand so far has been minimal, Ford expects diesel versions to account for 8 per cent to 12 per cent of both Fiesta and Escort sales by this time next year.

Ford has been accused by some retailers of attempting to create a market for small diesel cars in the UK rather than follow the more usual course of giving the market what it demands.

However, Mr Toy says: "Once the industry and the market begins to understand the economies offered by diesel, the large fleets will have to buy more of them."

Ford has joined those manufacturers who forecast that UK new car sales will reach record levels this year. The company looks for registrations of around 1.8m compared with the peak 1.79m last year.

The price war – which Ford rejoined by launching a new dealer incentive programme two weeks ago will contribute to the record, but Mr Toy maintains: "There is still a chance that the industry will come to its senses. I believe we could still get back to orderly marketing. That is the right way for the consumer, dealer and manufacturer."

Company Notices

RORENTO N.V.

INFORMATIVE MEETING FOR SHAREHOLDERS OF RORENTO N.V.

to be held at the Hilton Hotel, Weena, Rotterdam, on Wednesday, 6th June, 1984, at 14.30 hours.

AGENDA

1. Opening.
2. To discuss the Management's Report concerning the state of affairs and the investment policy pursued in the past financial year.
3. To discuss the Annual Accounts for the financial year 1983/1984.
4. To discuss the appropriation of the profit.
5. To discuss a proposal to alter the articles of association.
6. To discuss the composition of the Board of Supervisory Directors.
   —Mr S. Pruijt will retire by rotation. It will be proposed to the General Meeting of Shareholders to re-elect him.
   —Furthermore it will be proposed to appoint Mr J. Zijlstra a Supervisory Director.
7. Any other business.

RORENTO N.V.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held at the offices of RORENTO N.V., Willemstad, Curacao, on Wednesday, 27th June 1984, at 11.00 a.m.

AGENDA

1. Opening.
2. To receive and adopt the Management's Report concerning the state of affairs and the policy pursued in the past financial year.
3. To receive and adopt the Annual Accounts for the financial year 1983/1984.
4. To determine the appropriation of the profit.
5. Proposal to alter the articles of association.
6. To compose the Board of Supervisory Directors.
   —Mr S. Pruijt will retire by rotation. It will be proposed to re-elect him.
   —Furthermore it will be proposed to appoint Mr J. Zijlstra a Supervisory Director.
7. Any other business.

Holders of Share Certificates to Bearer desirous of attending or being represented at one or both of the above stated Meetings, should lodge their share certificates, by hand, (postal deliveries will not be accepted for voting purposes), with the National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ (between the hours of 10 a.m. and 2 p.m.) as follows:—

INFORMATIVE MEETING—Not later than Wednesday, 30th May 1984

ANNUAL GENERAL MEETING—Not later than Wednesday, 20th June 1984

in exchange for a receipt.

Beneficial owners whose share certificates are presently deposited with a Bank must obtain a Certificate of Deposit signed by the Bank as evidence that such Bank is holding the share certificates. This Certificate must be lodged against receipt, by that Bank, with the National Westminster Bank PLC, in accordance with the requirements stated above.

The receipt for the share certificates or Certificate of Deposit will constitute evidence of a shareholder's entitlement to attend and vote at the Meeting and should be presented at the door of the Meeting Hall. If a holder desires to appoint a proxy, who need not be a member of the Company, to attend and vote in his stead, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Hall together with the receipt for the share certificates or Certificate of Deposit.

Although proxies may attend, votes will not be cast at the Informative Meeting.

Copies of the full agendas and of the Annual Report for 1983/84 can be obtained from National Westminster Bank PLC at the address shown above.

By Order of the Board of Managing Directors
T. M. SCHOLTEN

Dated this 21st day of May, 1984
Curacao

THIS COULD BE THE BEST DEAL YOU SIGN ON YOUR NEXT BUSINESS TRIP.

It's all the details that make Sheraton Towers unique. Everything's there from the comfort of a luxurious, oversized room to the convenience of secretarial service. Call our London office at 01/636.64.11 for reservations.

It's a deal too good to miss.

Sheraton Towers
Brussels Sheraton Hotel
Place Rogier, 3, 1000 BRUSSELS, BELGIUM.

In war, in peace you need his help

When help is needed, please help him and his dependants

A donation, a covenant, a legacy to
THE ARMY BENEVOLENT FUND
will help soldiers, ex-soldiers and their families in distress

DEPT. FT, 41 QUEEN'S GATE, LONDON SW7 5HR

This announcement appears as a matter of record only.

Asian Development Bank

Dfls 200,000,000
8¾ per cent. Bonds 1984 due 1990/1994

Annual coupons June 1

Algemene Bank Nederland N.V.
Amsterdam-Rotterdam Bank N.V.

Bank Mees & Hope NV
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
Nederlandsche Middenstandsbank nv
Pierson, Heldring & Pierson N.V.

The Bank of Tokyo International Limited
Credit Suisse First Boston Limited
Daiwa Europe Limited
Deutsche Bank Aktiengesellschaft
Kredietbank International Group
Kuwait Investment Company (S.A.K.)
Nomura International Limited
Orion Royal Bank Limited
Swiss Bank Corporation International Limited
Union Bank of Switzerland (Securities) Limited

May, 1984

The "Shell" Transport and Trading Company, p.l.c.

Annual General Meeting

Resolution concerning South Africa and Namibia

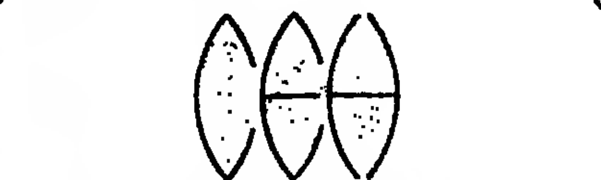
At the Annual General Meeting held in London on 17th May, voting on a poll taken on the above mentioned Resolution, which the Board of Directors had previously advised shareholders to vote against, was as follows:

Number of votes cast	88,518,609
For the Resolution	4,156,435
Against the Resolution	84,362,174

Accordingly the Resolution was not carried

Shell Centre,
London SE1 7NA
17th May, 1984

D.W. Chesterman
Secretary



C.E.Heath Public Limited Company

PRELIMINARY RESULTS for the year to 31 March 1984 (on the historical cost basis)

	1983/84 £'000	1982/83 £'000
Turnover	49,421	43,984
Administrative Expenses	(42,815)	(36,984)
Investment and Other Income	17,015	12,535
Operating Profit	23,621	19,535
Exceptional Item	(4,480)	—
Taxation	(7,629)	(8,113)
Minority Interests	(27)	(20)
Net Profit available for Appropriation	11,485	11,402
Earnings Per Share	36.9p	36.7p

The results for the year ended 31st March 1984 have been presented for the first time this year in accordance with the provisions of the Companies Act 1981 and the comparative figures for 1982/83 have been restated to reflect this change.

Provisions have been made for a number of potentially irrecoverable amounts owed by insurers and intermediaries. Because these provisions result from trading activities in the late 1970's, they are shown as an exceptional item.

A final dividend of 11.75p per share has been recommended, equivalent to 16.7857p gross per share. The total gross distribution for the year is 24.2857p per share (1982/83 — 21.0714p per share).

The Report and Accounts will be available on 12th June 1984 and the Annual General Meeting will be held on Wednesday 4th July.

D. H. NEWTON, *Chairman*
17th May 1984

C.E.Heath Public Limited Company
Cuthbert Heath House, 150 Minories, London EC3N 1NR
Telephone 01-488 2488

INTERNATIONAL INSURANCE BROKERS
REINSURANCE BROKERS AND UNDERWRITING AGENTS

These securities having been placed privately, this announcement appears as a matter of record only.

RANK XEROX

Rank Xerox Finance (Nederland) B.V.

Dfls 75,000,000
8¼ per cent. Guaranteed Bearer Notes 1984 due 1989

Payment of principal and interest is unconditionally guaranteed by
Rank Xerox Limited

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope NV
Nederlandsche Middenstandsbank nv
Pierson, Heldring & Pierson N.V.
County Bank Limited
Credit Suisse First Boston Limited

April, 1984

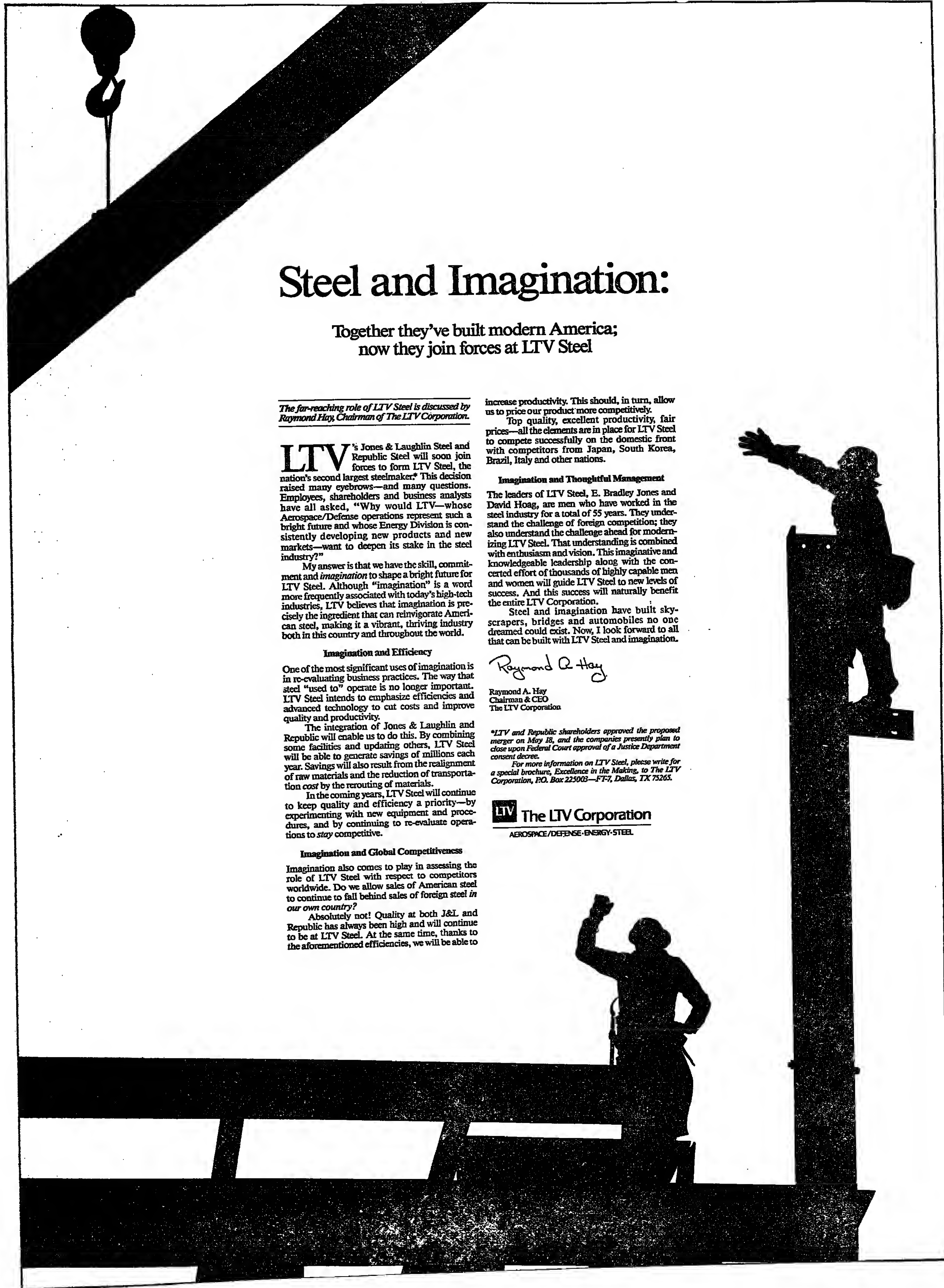
WWF Nancy Nash

The panda stands for WWF and for thousands of other animals and plants facing extinction

Please send contributions to: World Wildlife Fund - UK, Panda House, 11-13 Ockford Rd., Godalming, Surrey GU7 1QU. I support the aims of the World Wildlife Fund and enclose the sum of £

Name
Address

WWF


Steel and Imagination:
Together they've built modern America;
now they join forces at LTV Steel
The far-reaching role of LTV Steel is discussed by Raymond Hay, Chairman of The LTV Corporation.
LTV's Jones & Laughlin Steel and Republic Steel will soon join forces to form LTV Steel, the nation's second largest steelmaker.* This decision raised many eyebrows—and many questions. Employees, shareholders and business analysts have all asked, "Why would LTV—whose Aerospace/Defense operations represent such a bright future and whose Energy Division is consistently developing new products and new markets—want to deepen its stake in the steel industry?"
My answer is that we have the skill, commitment and imagination to shape a bright future for LTV Steel. Although "imagination" is a word more frequently associated with today's high-tech industries, LTV believes that imagination is precisely the ingredient that can reinvigorate American steel, making it a vibrant, thriving industry both in this country and throughout the world.
Imagination and Efficiency
One of the most significant uses of imagination is in re-evaluating business practices. The way that steel "used to" operate is no longer important. LTV Steel intends to emphasize efficiencies and advanced technology to cut costs and improve quality and productivity.
The integration of Jones & Laughlin and Republic will enable us to do this. By combining some facilities and updating others, LTV Steel will be able to generate savings of millions each year. Savings will also result from the realignment of raw materials and the reduction of transportation cost by the rerouting of materials.
In the coming years, LTV Steel will continue to keep quality and efficiency a priority—by experimenting with new equipment and procedures, and by continuing to re-evaluate operations to stay competitive.
Imagination and Global Competitiveness
Imagination also comes to play in assessing the role of LTV Steel with respect to competitors worldwide. Do we allow sales of American steel to continue to fall behind sales of foreign steel in our own country?
Absolutely not! Quality at both J&L and Republic has always been high and will continue to be at LTV Steel. At the same time, thanks to the aforementioned efficiencies, we will be able to increase productivity. This should, in turn, allow us to price our product more competitively.
Top quality, excellent productivity, fair prices—all the elements are in place for LTV Steel to compete successfully on the domestic front with competitors from Japan, South Korea, Brazil, Italy and other nations.
Imagination and Thoughtful Management
The leaders of LTV Steel, E. Bradley Jones and David Hoag, are men who have worked in the steel industry for a total of 55 years. They understand the challenge of foreign competition; they also understand the challenge ahead for modernizing LTV Steel. That understanding is combined with enthusiasm and vision. This imaginative and knowledgeable leadership along with the concerted effort of thousands of highly capable men and women will guide LTV Steel to new levels of success. And this success will naturally benefit the entire LTV Corporation.
Steel and imagination have built skyscrapers, bridges and automobiles no one dreamed could exist. Now, I look forward to all that can be built with LTV Steel and imagination.
Raymond A. Hay
Raymond A. Hay
Chairman & CEO
The LTV Corporation
*LTV and Republic shareholders approved the proposed merger on May 18, and the companies presently plan to close upon Federal Court approval of a Justice Department consent decree.
For more information on LTV Steel, please write for a special brochure, Excellence in the Making, to The LTV Corporation, P.O. Box 225003—FT-7, Dallas, TX 75265.
LTV The LTV Corporation
AEROSPACE/DEFENSE·ENERGY·STEEL

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

IN MANY companies the annual forecast is not much more than a therapeutic document designed to keep accountants, bankers and senior management happy. When it's completed and approved, it ends up in the filing cabinet until next year. In Air New Zealand, where chief executive Norman Geary has wrought a remarkable recovery, that's not the case at all.

"The annual plan isn't something we leave on the shelf to gather dust," he says firmly. "It's a dynamic document and we set a lot of store by it."

For Air New Zealand's executives that document provides an almost daily reference point. Because they are largely responsible for the numbers that it contains, they are by definition accountable to its forecasts. The much-thumbed plan also lies on the table at the airline's monthly meeting, a get-together of almost sacramental importance to Geary. It's the occasion when, together, 30 of his top team compare each other's performance against their own numbers.

That performance has been impressive in the two years since Geary left one of British Petroleum's top jobs in Europe to rescue Air New Zealand. That was in February, 1982, and the airline was in a bad way. Morale was low after the crash in November 1979 of one of its DC10s into Mount Erebus in the Antarctic and the agonising public enquiry that followed. Losses would peak in the 1981-82 financial year at nearly $NZ90 (£42m). Staff was grappling with a difficult merger with the domestic carrier, National Airways Corporation. Numbers had swollen to a record 9,000, pushing the annual payroll to NZ$200m. Finally, Air New Zealand had acquired a 747 fleet, replacing the DC10s (which had also been grounded), whose seats were hard to fill.

Still, recalls Geary, Air New Zealand had a high reputation with the public and that was something to build on. Geary, now 45, had never run an airline before. But in BP, where he had previously been the regional coordinator in Europe for the profitable development of the giant company's activities in Germany, Benelux, Sweden, Norway and Denmark, he had built up a strong track record for running a variety of BP's non-oil interests: detergents, minerals, fish-farming, forestry, chemicals and even coal-mining. Though he is in style rather quiet and thoughtful, albeit with a ready grin, Geary clearly brought very strong management ideas into Air New Zealand. Equally clearly, he did not like what he saw.

Trevor Humphries/Phil Thompson

How Norman Geary rebuilt Air NZ

BY SELWYN PARKER

Within two months he had persuaded a badly-shaken board to accept a complete revision of the management structure of his predecessor, Morrie Davis. By mid-1982 the new structure was in place, and working.

Senior managers (some of whom were nudged sideways) were removed from the executive suite on the nineteenth floor of the airline's office block in downtown Auckland and lodged with their own staff. The divisions were reshuffled into six major corporate areas: administration, marketing, planning, finance, operations and personnel. Accountability was built into the system, not only through the annual plan and the monthly meeting but also through the hard-driving (and hard-driven) route managers, the work-horses who are individually accountable for the performance and profitability of their designated route.

Though he had never run an airline, Geary has acquired the art of extracting performance from big and diverse organisations. "You can't afford to sit in an ivory tower," he insists. "This is a problem with many companies. The successful ones have a team of people who are very interested in what is going on at the shopfloor, at the coal face side of things," he says.

While managers got acquainted with the shopfloor, Geary progressively applied his novice theories on how an airline should be saved. He explains: "I can perhaps see things in a slightly different way, being a relative newcomer (to aviation), and I am absolutely sure that the old ways of doing things no longer apply. A lot of (airline) managers don't appreciate that. We need to place more importance on marketing and on a fundamental change to costs. It's a matter of getting the cost structure sorted out, of shaping up airlines for a low-growth environment. Up until four or five years ago the industry experienced growth of 15-20 per cent in traffic terms. It won't be like that any more. We are not going to see a return to high annual figures. Airlines won't be able to grow out of their problems by volume."

Obviously, that view of the industry's future implied a much-reduced payroll. From the peak of 9,000, staff numbers were cut—entirely by voluntary redundancy—to 6,900 in early 1984, and by March 1985, will bottom out at 6,600. Despite the drop in personnel, performance actually increased —22 per cent less staff resulted in 12 per cent more productivity. "Staff are working harder now," says Geary with satisfaction. An efficiency drive boosted that productivity.

One of a series of reports established that a massive 30 per cent of staff simply processed paperwork and now those people have largely been replaced by information-processing hardware. Empty conference rooms in head office were turned into productive space. Cabin staff accepted de-manning schemes. Staff travel privileges were severely limited.

A believer in marketing, Geary began to make the product suit the need. "Airlines in the past have placed great emphasis on the number of seats and on the operational side. To some people we are still selling seats or rides in the air. In Air New Zealand we are not," he says emphatically. "We are marketing New Zealand and the South Pacific, and Air New Zealand in that context. There's now a range of products which suit different segments of the market." Clearly the national carrier's new-found marketing bias puts extra pressure on the route managers who must, says Geary, "come up with the right plan, right budget, right organisation and right product."

Geary's matrix management structure, the basis of his recovery plan, has produced results in the company accounts sooner than anybody expected. In his first year he more than halved losses, reducing them by NZ$57m to NZ$32.6m, and incidentally increasing revenue by 18 per cent against a rise in expenditure of just 8 per cent. In the year 1983-84 Air New Zealand has jumped back into the black very much against the international trend. Half-yearly operating profit was NZ$18m and the second half should be even better, say airline sources. Many observers expect a full-year profit of over NZ$50m.

Though it's too early for the redundancies, which were achieved on generous terms, to have shown up in the accounts, the recovery was greatly aided by the co-operation of the unions which went along with relentless cost-cutting to help the airline get back on its feet. Some lament the effects of Geary's textbook efficiency. According to Jan Waddell, vice-president of Air New Zealand employees' Airline Stewards and Stewardesses Association, the airline "is now more like a company run by management experts and the function of the corporation just happens to be aviation."

Nonetheless, Air New Zealand's competitors unanimously concede the effectiveness of Geary's actions. John Swingler, British Airways' New Zealand manager, reckons the changes in management structure have "made a significant difference to the way Air New Zealand operates—and they are similar to the changes that we have made."

And Air New Zealand's other main competitors, Continental Airlines and Pan American (the latter competes mainly on services to the West coast of America) believe Geary has done a great deal for the airline.

After a series of high-profile chief executives, Geary is something of a novelty. Though he wanders about head office and chats to staff, keeping an eye on things (or, as he says, "floating"), Norman Geary is quite happy to remain relatively anonymous while his managers hew away at the coal face. Indeed, some cabin staff say they would not recognise him if he sat in one of their seats.

None of this, however, means that Geary doesn't know what's going on. A critical flow of information passes across his handsome desk each day, including reports on all international flights with full details on reasons for any hiccups or delays. If the delay extends beyond a certain time, he gets involved. "It doesn't do any harm," Geary says with a rather impish grin, "for managers to know that the chief executive is interested in what's going on."

Unexpected repercussions from an Anglo-German merger

BY LESLIE COLLITT

WEST GERMAN companies involved in a foreign takeover normally do not charge in with new brooms to sweep out the previous management and put in their own executives. More typically, they attempt to discover what the acquired management can offer the parent company rather than make any rash moves that might destroy its morale and motivation.

Yet such an approach can have its unforeseen effects, as Schering, the West Berlin-based pharmaceuticals and chemicals group with annual sales of DM 3bn (£790m), discovered after spending £119m to buy FBC, a UK agrochemical company jointly owned by Fisons and Boots.

Previous contacts with FBC resulting from a co-operation agreement with the UK firm had given Schering executives the impression that British management was a good deal more autocratic than its German counterpart. This belief has gained hold since the takeover last July.

FBC management, it appears, had fully expected Schering to come in and lay down the new law. However, this did not happen. Instead the British were somewhat bemused when Schering executives sat down with the FBC board to discuss the organisational steps to be taken. The British side expected Schering to present a master reorganisation plan while the Schering people said they regarded the British management as their partner. As a result the Germans were regarded by the British as too indecisive in their managerial approach.

Dr Christian Bruhn, the Schering board member responsible for FBC, says the UK company's management was organised along more military lines, with the chairman giving the orders which were then carried out. Schering, he says, although tightly organised, believes it is vital to achieve a consensus within management and among employees in general. With this approach to management, he says, Schering lies somewhere between FBC and the Japanese.

"Of course, one must not forget there are no works councils in Britain and that our managerial style developed historically," explains Bruhn.

Schering, like many old-established German companies, has a turbulent history. Founded last century, it has twice had to rebuild its international operations—after each of the two World Wars. The early 1950s saw the company re-establishing its presence abroad first throughout Europe, and then in Latin America and the Far East.

Its second re-entry into the U.S. market was initially through a licensing of products before it established a laboratory to conduct clinical research. In 1969 Nor-Am Agricultural Products in Chicago was acquired to develop and distribute agrochemicals. Today, Schering has five production subsidiaries in the U.S. with a turnover last year of $283m and profits of $9m. Total sales in the U.S., including exports from West Germany, amounted to 17 per cent of group turnover—equal to its sales in West Germany.

Schering was interested in acquiring FBC because it complemented its agrochemicals division which, while still quite profitable, was bound to become less so as its patents on Betanal, a best-selling herbicide, ran out in different countries. By contrast to Schering, FBC's sales organisation in Europe was weak and its presence on the U.S. market was too small to be profitable. Neither Boots nor Fisons was prepared to invest further in the company.

Combined, Schering and FBC have agrochemicals sales of DM 1.2bn annually and spend DM 100m a year on research. The merger, says Bruhn, will put Schering—which is now in 11th place internationally among agrochemical producers —in a far better position to compete with the top 10 in the field.

Inevitably a certain number of FBC posts were rendered superfluous by the takeover—mainly in sales—and Schering offered those affected—about 30 —equivalent jobs in Berlin.

But none of them had any desire to leave the Cambridge area for walled-in West Berlin despite higher salaries in Germany, much lower taxes in Berlin and Schering's offer to pay for their children's schooling in Britain. The wives in particular were not prepared to resettle in Berlin. Their husbands left the company and in most cases took lower paying jobs in the UK.

Terry James remains as chairman of FBC, travelling frequently to West Berlin. Dr Mike Smith, of FBC, has been put in charge of Schering's international agrochemicals production while staying on in Cambridge. He was not prepared to move to Berlin, nor did Schering want him to.

Initially, this caused some raised eyebrows among Berlin staff who coveted Dr Smith's post. But the manner in which he conducts his role is seen as inevitable in an increasingly multinational company.

Bruhn says of FBC's expectations following the takeover that his new British colleagues were more in favour of centralisation. "But we did not want to downgrade FBC into a sales company," he says. "It was important for us to avoid any reduction in motivation."

Business courses

Works and production: works management. Bromley, Kent. June 24-July 6. Fee: £1,350. Details from The Client Services Director, Sundridge Park Management Centre, Bromley, Kent BR1 3TP. Tel: 01-460 8585.

Developing managers after a recession. Uxbridge. June 19-21. Fee: £360. Details from: The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel: 0895 56461.

Industry Media Course. Eastbourne. June 24-27. Fee: £450 + £67.50 VAT. Details from CAM Foundation, Seminar Department, Abford House, 15 Wilton Road, London SW1V 1NJ. Tel: 01-828 7506.

Managing the finance department. Brussels. June 18-21. Fee: BFr 60,000. Details from Management Centre Europe, Avenue des Arts 4, 1040 Brussels, Belgium. Tel: 01 219 03 90.

European symposium on the long term future: Western Europe on the road to the information society, Zurich. June 18-20. Fee: SwFr 1,040. Details from Gottlieb Duttweiler Institute for Social and Economic Studies, "Green Meadow" Foundation, Langhaldenstrasse 21, CH-8803 Rüschlikon (near Zurich). Tel Zurich 01-461 3716. Telex 55699.

A traveller appreciates the convenience of doing business in Japan.

A business trip to Japan can be a wonderful experience when everything runs smoothly. With Japan Air Lines, we make sure it does. Because no-one understands Japan better than we do.

To ensure that your trip is both pleasant and successful, we offer a programme of practical help: the JAL Executive Service.

This includes the printing of bilingual business cards for a minimal charge — and the use of the Executive Service Lounge in Tokyo with all its facilities.

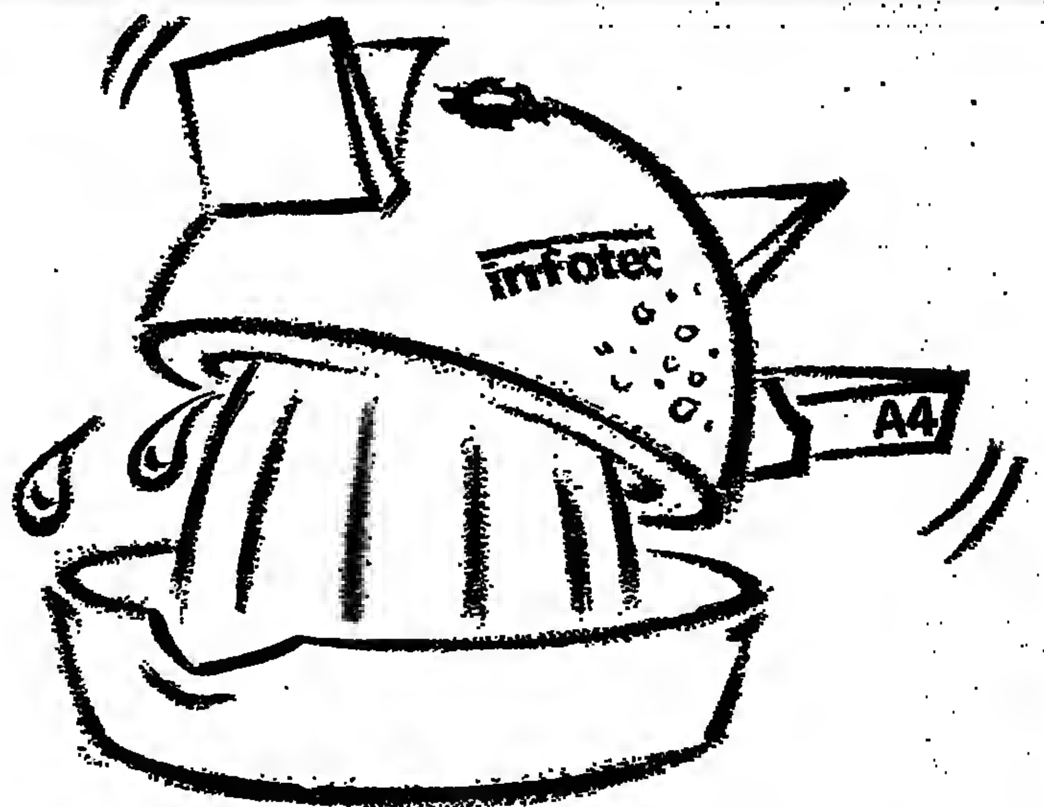
Reservations in any of our worldwide luxury hotels can be made — at a special rate — through the JAL Hotel System.

Add all this to the attentive service and hospitality you'll receive on our daily one-stop flights from Heathrow to Tokyo and you have all the ingredients of an enjoyable trip.

The longer the flight, the more the details matter.

JAPAN AIR LINES

FOR DETAILS, RING YOUR NEAREST JAL OFFICE:- LONDON 01-629 9244. BIRMINGHAM 021-643 1368. MANCHESTER 061-832 2807. GLASGOW 041-221 6227.



You can squeeze more out of an orange.

We colour our copiers orange – so you can tell them apart from the rest of the crop.

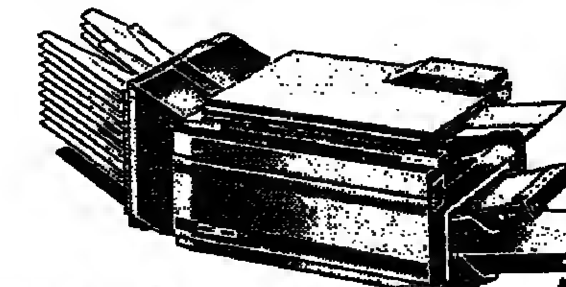
You will find a whole orange grove in the eastern shires– hundreds of hard working Infotec copiers. The squeeze-minded Eastern Shires Purchasing Organisation (E.S.P.O.) for three county councils surveyed the competition, comparing range, copy quality, reliability, features, and price.

This confirmed their taste for orange.

They'd already had five years' experience of our copiers, our supplies service, and our maintenance back-up, using our own specialist engineers.

So now you know why you'll see so many orange copiers in local authorities with heavy-duty, low-cost copying requirements.

Find out more. Peel the coupon.



To: Infotec Marketing, Hoechst House, Hounslow, Middlesex TW4 6JH. Tel: 01-577 5577. Fax: 01-570 5833.

Please send me information on ☐ Copiers ☐ Fax

Name

Company

Address

TOMORROW IS HERE. AND IT'S ORANGE.

FT21/5/84

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

Anchor Chemical, Piccadilly Hotel, Manchester, 11.30
Arrow Chemicals, Stanhope Road, Swadlincote, Burton-on-Trent, 12.00
Comben, Dragonara Hotel, Redcliffe Way, Bristol, 10.30
Estates and General Invests, Claridge's, Brook Street, W, 2.00
Fisher (James), Lisdoonie Hotel, Abbey Road, Barrow-in-Furness, 12.00
Nationwide Leisure, Westbury Hotel, Conduit Street, W, 11.30
Triefus, 1 Serjeants' Inn, EC, 10.30

BOARD MEETINGS—

Finals:
Assoc British Foods
Bishopsgate Trust
Bonusbond
Cakebread Robey
Ivory and Sime
JSD Computer
Monks Invest Trust
Prince of Wales Hotels
Interims:
Australia and New Zealand Banking
Brooke Tool Engineering
Consolidated Co Bultfontein Mine
Dutoitspan Mines
Ensley Trust
Griqualand West Diamond Mining
Radio City (Sound of Merseyside)

DIVIDEND & INTEREST PAYMENTS—

Bank of Tokyo NV Gtd Fltg Rate Notes 1990 $117.57
Beazer (C. H.) 3.5p
British Empire Sec and General Trust 0.2p
Collins (William) 7.5p, A 7.5p
Commerzbank AG DM 6. Cdtr (iss Warburg) DM 1.2
Commerzbank Overseas Finance NY Fltg Rate Notes 1989 $250
Druck 1.3p
Exchequer 2½pc 1986 1¼pc
First Chicago Overseas Finance Gtd Fltg Rate Sub Notes 1994 $254.89
Friedland Doggart 4p
Intnl Income Prop 22 cts
Land Investors 0.2p
London and Strathclyde Trust 0.85p
Memec 1.33p
Murray Clydesdale Invest Trust 0.4p
Norfolk Capital 0.2p
Pressac 0.7p
Treasury 3pc 1985 1½pc
Treasury 12½pc 2003-05 6¼pc

TOMORROW

COMPANY MEETINGS—

APV, Station Way, Crawley, West Sussex, 12.15
Assoc British Ports, London Press Centre, 76 Shoe Lane, EC, 12.00
Astbury and Madeley, Finch Road, Lozells, Birmingham, 12.00
BETEC, Mandeville Road, Aylesbury, Buckinghamshire, 12.00
Bank of Scotland, 38 St Andrew Square, Edinburgh, 12.15
Bardsey, Britannia Hotel, Grosvenor Square, W, 12.00
Fisons, Merchant Taylors' Hall, 30 Threadneedle Street, EC, 11.00
Gould (Laurence), 22 Austin Friars, EC, 12.00
Henriques (Arthur), Midland Hotel, Manchester, 12.00
Lambert Howarth, Kelrby Hotel, Burnley, 12.00
NMW Computers, Stapeley House, London Road, Nantwich, Cheshire, 12.00
Nichols (J. N.) (Vimto), Ledson Road, Wythenshawe, Manchester, 11.00
Ocean Transport and Trading, India Buildings, Liverpool, 2.30
Stag Furniture, Royal Hotel, Nottingham, 12.20
Wood (Arthur) (Longport), Bradwell Works, Longport, Stoke-on-Trent, 12.00

BOARD MEETINGS—

Finals:
Beejam
British and American Film
Diploma
Duncan (Walter) and Goodricke
Fidelity
Parkland Textile
Sainsbury (J.)
TR Property Invest Trust
Tranwood
Whitbread
Interims:
Archimedes Invest Trust
Carr (John) (Doncaster)
ICL
Kelsey Inds
Management Agency and Music
Norcros
Northern American Trust
Queens and Robinson
Ranks Hovis McDougall
Scottish National Trust
Stakis

DIVIDEND & INTEREST PAYMENTS—

Astbury and Madeley 4.125p
Conversion 10pc 1996 5pc
Exchequer 14pc 1984 7pc
Exchequer 12pc 1985 6pc
Fisher (James) 1.0p
Good Relations 2.8p
Lex Service 6p
Nichols (J. N.) (Vimto) 7p
Park Place Invests 1.75p
Smith and Nephew 2.1p
Treasury 3pc I-L Cnv 1990 £1.3142
Treasury 14pc 1998-2001 7pc
Wood (Arthur) (Longport) 3p

WEDNESDAY MAY 23

COMPANY MEETINGS—

Automotive Products, Grosvenor House, Park Lane, W, 12.00
Bemrose, Stationers' Hall, Ave Maria Road, EC, 11.45
Biomechanics Intnl, Great Eastern Hotel, Liverpool Street, EC, 12.00
Charterhouse Petroleum, Ironmongers' Hall, Barbican, EC, 11.30
Elys (Wimbledon), 22-26 Wimbledon Hill Road, Wimbledon, 4.00
Fogarty (Henry), Fishtoft Road, Boston, Lincolnshire, 2.15
Gee (Cecil), Claridge's, Brook Street, W, 12.00
Henara, Dyers Hall, 10 Dowgate Hill, EC, 12.00
Metalrax, Plough and Harrow Hotel, Hagley Road, Edgbaston, Birmingham, 11.45
Moss Bros, 21-26 Bedford Street, Covent Garden, WC, 12.00
Neill (James), Moore and Wright, Handsworth Road, Sheffield, 12.00
Rockware, Great Eastern Hotel, Liverpool Street, EC, 3.00
Rotork, Brassmill Lane, Bath, 3.00
Slough Estates, Savoy Hotel, Strand, WC, 2.30
Southampton, IoW and SOE Royal Mail Steam Packet, Post House Hotel, Herbert Walker Avenue, Southampton, 12.30
Sun Life Assurance, 107 Cheapside, EC, 12.30

BOARD MEETINGS—

Finals:
Allied Irish Banks
Boots
Buckley's Brewery
Channel Tunnel Invests
Delyn Packaging
Emray
Jersey Gen Invest Trust
London and Northern
Moss (Robert)
Svenska Cellulosa AG
Whitbread Invest
Interims:
Avon Rubber
Bass
Cronite
Irish Distillers
Redfearn National Glass
Sidlaw
Tunstall Telecom

DIVIDEND & INTEREST PAYMENTS—

APV 6.75p
Armstrong Equipment 0.2p
BBL Intnl NV Fltg Rate Notes 1986 $262.26
Banco De La Prov De Buenos Aires Fltg Rate Notes 1988 $262.26
Comben 1.45p
Great Northern Telegraph DK 21.6
Lambert Howarth 2.5p
Mackay (Hugh) 2.6p
Pirelli UK 7½pc2ndPf 1985-91 3¾pc
Shell Transport and Trading 15.8p
Southampton IoW and SOE Steam Packet 9p
Sunderland 11¼pc Red 2008 5⅝pc
Tesoro Petroleum 10 cts
Treasury 13¼pcLn 1993 6⅝pc
Tyzack (W. A.) 0.8p

THURSDAY MAY 24

COMPANY MEETINGS—

Beaufort, George Hotel, Huddersfield, 12.00
Booker McConnell, 59 Cannon Street, EC, 12.20
Brown, Bovert Kent, The Churchill, Portman Square, W, 12.00
Business Computer Systems, Sunrise Parkway, Linford Wood, Milton Keynes, 2.30
Carpets Intnl, Mill Street, Kidderminster, 2.30
Clayton, Queen's Hotel, Leeds, 2.00
Cooper Intnl, Wessex Hotel, Winchester, 3.00
Crest Intnl, Glaziers' Hall, 8 Montague Close, London Bridge, SE, 12.00
Edinburgh Securities, 4 Melville Crescent, Edinburgh, 2.15
Edmond, Royal York Hotel, Station Road, York, 11.00
Harris Queensway, Harris House, 76 High Street, Orpington, Kent, 11.00
Harrison Cowley, 32 Queen Square, Bristol, 12.00
House Property Co of London, Eagle House, High Street, Wimbledon, 12.00
Jenks and Cattell, Butchers' Hall, Bartholomew Close, EC, 11.30
Lawrence (Walter), Lawrence Social Hall, Sheering Mill Lane, Sawbridgeworth, Hertfordshire, 12.00
Marchwiel Securities, Markheath House, High Road, Whetstone, N, 11.00
Marshall (Thomas) (Loxley), Tapton Masonic Hall, Shore Lane, Sheffield, 12.00
Morrison (William) Supermarkets, Hilmore House, Thornton Road, Bradford, West Yorkshire, 11.00
Newarthill, Bonnington Hotel, 92 Southampton Row, WC, 12.30
Portals, Howard Hotel, Temple Place, Strand, WC, 12.30
Queens Moat Houses, Moat House Intnl Hotel, Bridgefoot, Stratford-upon-Avon, Warwickshire, 12.00
Suter, Hilton Intnl London Hotel, 22 Park Lane, W, 12.00
Tove, Connaught Rooms, Great Queen Street, WC, 10.30
WW, Caresse House, Pudsey, Yorkshire, 11.30
Weir, Merchants' Hall, 30 George Square, Glasgow, 12.00
Woolworth, Ironmongers' Hall, Aldersgate Street, Barbican, EC, 12.00

BOARD MEETINGS—

Finals:
Cater Allen
Dartend Stamping
Extel
Goldberg (A.)
Hill (Philip) Invest Trust
Plessey
Sandhurst Marketing
TR Natural Resources Invest Trust
Weeks Associates
Young and Co's Brewery
Interims:
ASEA AB
Devenish (J. A.)
Gomme
National Commercial Banking Corpn of Australia
Scottish Invest Trust
Spencer Clark Metal Inds
Wolverhampton and Dudley Breweries

DIVIDEND & INTEREST PAYMENTS—

Atlantic Computers 1p
Beaufort 2.6p
Berry Pacific (Sterling) Fund Ptg Red Pf 7.5p
Christies Intnl 8p
Clayton 3p
Fogarty 2.42p
House Prop Co of London 6p
Invergordon Distillers 2.5p
Merrill Lynch 20 cts
New Kleinfontein Props 3.942642p
Queens Moat Houses 0.665p
Royal Bank of Canada 50 cts
Stockholders Far East Invest 1 ct
Trans-Oceanic Trust 1p

FRIDAY MAY 25

COMPANY MEETINGS—

Ayrshire Metal Products, 17 Church Street, Irvine, Ayrshire, 3.30
Babcock Intntl, Institute of Directors, 116 Pall Mall, SW, 12.30
Benford Concrete Machinery, The Cape, Warwick, 12.00
Bont (Henry), Banner Cross Hall, Sheffield, 12.00
Bowater, Centre Point, 103 New Oxford Street, WC, 11.00
Breedon and Cloud Hill Lime Works, Breedon-on-the-Hill, Leicestershire, 11.00
Central Independent TV, Holiday Inn, Holiday Street, Birmingham, 3.30
Coats Patons, Merchants' Hall, 30 George Square, Glasgow, 12.00
Gaskell Broadloom, Blackburn Moat House, Preston New Road, Blackburn, Lancashire, 12.00
Grattan, Norfolk Gardens Hotel, Bradford, 12.00
Greenbank Industrial, Orient Works, Gate Street, Blackburn, Lancashire, 3.00
Johnsen and Jorgensen Packaging, Hyde Park Hotel, Knightsbridge, SW, 12.00
Menzies (John), Merchants' Hall, 22 Hanover Street, Edinburgh, 12.15
Octopus Publishing, 59 Grosvenor Street, W, 12.00
Photax (London), Brampton Road, Hampden Park, Eastbourne, 12.00
Pritchard Services, Inn on the Park, Hamilton Place, Park Lane, W, 12.00
Relyon, Beam Bridge Hotel, Sampford Arundel, Wellington, Somerset, 12.00
Steel Bros, Sondes Place, Wescott Road, Dorking, Surrey, 12.00
United Ceramic Distributors, Lyttleton Arms Hotel, Hagley, Stourbridge, West Midlands, 12.00
Wadkin, Green Lane Works, Leicester, 3.00
Websters, Great Eastern Hotel, Liverpool Street, EC, 12.00
Whatman Reeve Angel, Chartered Accountants' Hall, Moorgate Place, EC, 12.30
Wilson (Connolly), Northampton Moat House, 12.00

BOARD MEETINGS—

Finals:
Assam-Dooars
Castings
Macdonald Martin Distilleries
Nineteen Twenty-Eight Invest Trust
Toshiba
Western Dooars Tea
Interims:
Davenports Brewery
LPA Inds
Radio Clyde
Tyne Tees Television

DIVIDEND & INTEREST PAYMENTS—

Aluminium Co of America 30 cts
Baker Intntl Corpn 23 cts
Barratt Devpts 2.31p
Bemrose 8.6p
Benford Concrete Machinery 2.75p
Boot (Henry) 11.5p
Breedon and Cloud Hill Lime Works 6p
Cape Inds 3.9p
Dowding and Mills 0.95p
Drayton Cons Trust 2p
Exxon 30 cts
Elys (Wimbledon) 6.5p
Gee (Cecil) 2.1p
Home Charm 1.25p
JWT 36 cts
Jersey Electricity 11p
Kalamazoo 0.5p
Kent (M. P.) 0.4p
Malakoff Berhad 5 sen
Midland Intntl Fin Serv BV Gtd Fltg Rate Notes 1987 $52.14
Morrison (Wm) Supermarkets 1.3p
NMW Computers 3.5p
Osterreichische Landerbank AG Fltg Rate Sub Notes 1994 $260.68
Peachy Prop 2.5p
Rotork 2.1p
Scottish Heritable Trust 1.1p
Sharpe and Fisher 1.79p
Stag Furniture 3.5p
Supra 1.15p
Technology for Business 4.2p
Weir 1.75p

SATURDAY MAY 26

DIVIDEND & INTEREST PAYMENTS—

Southend-on-Sea Borough Council 12pc Red 1987 6pc

This week in parliament

TODAY

Commons: until 7 pm, Private Members' Motions, followed by third reading of the Ordnance Factories and Military Services Bill. Motion on the Social Security (Adjudications) Regulations. Consideration of Lords amendments to the Tenants Rights (Scotland) Amendment Bill.

Lords: Health and Social Security Bill, second reading. Child Abduction Bill, second reading. Unstarred question on the Government's approach to negotiations with China on the future of Hong Kong in the light of the visit by the Foreign Secretary.

Select Committees: Home Affairs: Sub-committee on Race Relations and Immigration—subject: the Chinese community in Britain. Witnesses: Department of Health; Department of Education and Science (room 6, 4.15 pm). Environment—subject: acid rain. Witness: Central Electricity Generating Board (room 20, 4.30 pm). Treasury and Civil Service—subject: Head of the Government Accountancy Service. Witness: a Government minister (room 15, 4.30 pm). Public Accounts—subject: building maintenance expenditure. Witness: Mr G. Manzie, Property Services Agency (room 16, 4.45 pm).

TOMORROW

Commons: completion of consideration in committee of the Local Government (Interim Provisions) Bill.

Lords: Capital Transfer Tax Bill, second reading. Food Bill, third reading. Road Traffic Regulations Bill, report. London Regional Transport Bill, committee. Trade Marks (Amendment) Bill, third reading. Cycle Tracks Bill, second reading.

Select Committees: Education, Science and Arts—subject: prison education. Witnesses: Prison Department officials (room 16, 10.00 am). Defence—subject: statement on the defence estimates, 1984. Witness: Mr Michael Heseltine, Defence Secretary (room 16, 4.45 pm).

WEDNESDAY

Commons: Debate on an Opposition motion on the Government's decision to bring U.S. cruise missiles to the UK. Motion on EEC document on fisheries. Second Reading, Mental Health (Scotland) Bill. Opposed private business after 7 pm.

Lords: short debate on a motion to call attention to the state of judicial procedure in Zimbabwe, and in particular to the imprisonment of Bishop Muzorewa and to the need for the Government to make representations for his release. Short debate on the need to increase trade with developing countries to stimulate production, the purchasing power of the Third World and to reduce world poverty. Dangerous Vessels Bill, committee. Unstarred question on the transfer of prisoners to Northern Ireland.

Select Committees: Welsh Affairs—subject: The EEC and dairy farming in Wales. Witnesses: National Farmers Union; Farmers Union of Wales; Milk Marketing Board; Mr Nicholas Edwards, Welsh Secretary (Room 18, 10.00 am). Agriculture—subject: The effect of feedstuff prices on the UK pig and poultry industries. Witness: National Farmers Union (room 8, 10.45 am). Defence—subject: statement on the defence estimates 1984. Witnesses: Defence Ministry officials (room 16, 10.45 am). Trade and Industry—subject: British Leyland. Witnesses: BL representatives (room 15, 11.30 am). Social Services—subject: community care, with special reference to the adult mentally ill and handicapped. Witnesses: National Schizophrenia Fellowship; Richmond Fellowship; Mental Health Foundation (room 21, 4.15 pm). Treasury and Civil Service Sub-committee—subject: acceptance of outside appointments by crown servants. Witnesses: Capt Michael Tudor-Craig; Wing Comm. John Waterton; Maj Gen H A J Sturge; Air Comm R J Spiers (room 6, 4.15 pm). Employment—subject: the work of the Department of Employment Group. Witness: Mr Tom King, Employment Secretary (Room 15, 4.30 pm). Environment — subject: acid rain. Witness: Friends of the Earth (room 20, 4.30 pm). Defence—subject: statement on the defence estimates 1984. Witness: Mr Michael Heseltine, Defence Secretary (room 8, 4.45 pm).

THURSDAY

Commons: Completion of remaining stages of the Local Government (Interim Provisions) Bill.

Lords: Rating and Valuation (Amendment) (Scotland) Bill, report. Agriculture and Horticulture Grant (Variation) Scheme 1984. Motion for approval.

Select Committee: Energy—subject: energy research, development and demonstration in the UK. Witness: Mr Peter Walker, Energy Secretary (room 8, 4.15 pm).

FRIDAY

Commons: House adjourns for the Whitsun recess, returning on Monday June 4.

COMPANY ANNOUNCEMENT

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

PROPOSED RIGHTS OFFER TO ORDINARY SHAREHOLDERS AND OFFER TO OPTION HOLDERS

Further to the announcement of April 26 1984 shareholders and option holders are advised that the terms of the offers have now been finalised.

In terms thereof ordinary shareholders and option holders registered at the close of business on Friday, May 25 1984 (i.e. the record date previously specified) will be offered the right to subscribe for a total of 3 864 122 ordinary shares of R1 each at R26.00 per share (South African currency) in the proportion of 8 such shares for every 100 ordinary shares/options held at the record date. This will raise a total of R100 467 172 for the corporation.

It is intended that a circular will be posted to shareholders and option holders from the Johannesburg and United Kingdom offices of the corporation on June 4 1984 containing full details of the offers. The circular will be accompanied by renounceable letters of allocation in respect of ordinary shareholders' and option holders' rights arising from their holdings in the corporation on the record date.

The head office and United Kingdom transfer registers and registers of shareholders and option holders of the corporation will be closed from May 26 to June 6 1984 for the purposes of the offers.

Applications have been made to The Johannesburg Stock Exchange for listings of the letters of allocation and of the ordinary shares to be offered, and to The Stock Exchange in London for listings of the ordinary shares, initially as nil paid and thereafter as fully paid. It is expected that details of the listings will be advertised in the Press on May 24 1984.

Johannesburg
May 21 1984

aac

Higgs and Hill plc

International Construction and Property Group

1983
Another Record Year

31% increase in profit before taxation

22% increase in dividends

profit (£ Millions)
dividends (£ '000)

	1980	1981	1982	1983
profit (£ Millions)	2.1m	3.6m	4.6m	6.1m
dividends (£ '000)	429	582	807	987

"The Board views the future with confidence and, in the absence of unforeseen circumstances, will be disappointed if the 1984 profits do not show further growth."
Brian J. Hill *Chairman*

Copies of the 1983 Report and Accounts are available from The Secretary, Higgs and Hill plc., Crown House, Kingston Road, New Malden, Surrey, KT3 3ST. Telephone: 01-942 8921

HIGGS AND HILL
'a better way to build'

You need all the legroom you can get on a long haul. Our seats are specially designed to give you more comfort and much more stretch. Comfortable seats. Lots of legroom. Attentive service. Excellent cuisine. That's MAS Business Class. We are what many call First Class.

MAS 747 BUSINESS CLASS. MORE LEGROOM FOR A LOT MORE STRETCH.

mas WE'LL TREAT YOU LIKE GOLD
malaysian airline system

747s TO AMSTERDAM • DUBAI • FRANKFURT • KUALA LUMPUR • KUWAIT • LONDON • MELBOURNE • PARIS • SYDNEY For reservations contact your travel agent or Malaysian Airline System, 25/27 St. George Street, Hanover Square, London W1R 9RE. Tel: 01-491 4542 PRESTEL: 344190.

When you arrange a new leasing transaction it can be a nerve-racking experience; after all, it's not something most people do every day.

Unfortunately, it's not something most banks do every day, either.

So you've every right to be nervous. Unless you come to Bank of America.

Being a leader in this field, we have recently arranged the leasing of over £300,000,000 worth of assets for British industry.

The transactions ranged from the leasing of semi-submersible drilling rigs to computers, and our roles ranged from lease advisor on large transactions to placement agent.

A volume and range of transactions as wide as this means that we have day-to-day contact with the market; and that, unlike some other organisations, we can provide you with all the facilities you require ourselves.

It also means that we really do know what's going on; we know just what lessor will suit a new lessee, just how to judge the rental profile, terms and conditions inherent in a leasing package, and exactly how to make the most efficient use of the current tax and legal environment.

If you're considering leasing, call 01-236 2010 and ask for the Leasing Services Group. It'll be a lot simpler in the long run.

Look to the Leader.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Monday May 21 1984

Creating jobs in Europe

Unemployment is nearly 11 per cent in the European Economic Community and shows no sign of coming down, despite the beginnings of economic recovery. There is therefore every reason to question whether existing economic policies are the right ones. Last week, a group of academic economists, led by Professor Richard Layard, argued in a paper presented to the Centre for European Policy Studies that European governments should unite in a temporary fiscal reflation. The object of the exercise, as with so many well-intentioned reflations in the past, would be to get the European economies back on a trend growth line, this time the one established in the 1970s.

Fiscal reflation

Once Europe is back on its old growth path, the argument goes, governments could take their feet off the fiscal accelerator. Since the reflation would be explicitly temporary, financial markets would not get alarmed. Since it would be concerted, the balance of payments problems that scuppered President Mitterrand's go-it-alone dash for growth in 1981-82 would be avoided.

It is true that a concerted reflation would have a much greater chance of success than individual action by any one EEC country: the import dependence of the EEC as a group is much less than that of its constituent parts. But why is fiscal reflation desirable now?

Action is needed, the authors claim, because on current projections, output per workers is expected to grow as fast as total output, so that unemployment will not be dented. Moreover, this unemployment rate is far above the rate consistent with stable inflation—the Layard group claims that Europe's non-accelerating inflation rate of unemployment (the "nairu") is about 7½ per cent.

However, the nairu is a will o' the wisp: there are so many problems associated with its calculation that nobody can sensibly claim to know even its historical value—let alone its value today.

More important, while fiscal reflation will raise aggregate demand, there is no guarantee that it will raise output permanently, still less that it will raise output faster than output per worker.

The timing of the Layard plan is also questionable: it arrives just as clear signs of economic recovery are emerging. At this stage in the cycle there is a danger that fiscal reflation could do little more than raise inflation.

How would the public cash be spent? There are three suggestions: increased spending on public sector infrastructure, and subsidies for private investment and employment. There is a case for more infrastructure spending in certain circumstances, and a case for experimenting with some form of temporary employment subsidies, although how public largesse can create jobs that are viable in the longer run is questionable. But the notion of a subsidy for private investment seems particularly inappropriate, when the main worry is that productivity growth will prevent any reduction in unemployment. It runs exactly counter to the present British Government's thinking, which is to remove the excessive bias towards labour-saving investment.

The authors might have done better to concentrate on microeconomic obstacles to higher employment. Indeed, the best part of the report is its uncompromising condemnation of work-sharing as a solution to unemployment. The point is that if the hours worked by each person are reduced there is no guarantee that the total amount of work to be done would stay the same. Instead, real hourly wage rates might rise and output fall.

Alternatives

Many industrialists will see much virtue in the alternative prescriptions for reducing unemployment contained in a commentary on the Layard report by Professor Juergen Donges of the Kiel Institute. Professor Donges argues that unemployment remains much higher in Europe than in America because labour markets are more rigid, financial markets less flexible and new enterprises harder to create.

Instead of a concerted fiscal reflation, Professor Donges would rather see in Europe a concerted attempt to unclog market mechanisms. More jobs in Europe are likely to await reduced job security, reduced labour costs (non-wage as well as wage) and less generous unemployment benefit. The political obstacles to such changes are considerable, but policymakers should concentrate more on proving structural causes of high unemployment than on fine-tuning aggregate demand.

The opposition's role in Bonn

The party congress of the West German Social Democrats which today limps into its fifth day at Essen should have been an historic occasion: the first regular meeting since the party lost power in Bonn in 1982 and the farewell to politics of Herr Helmut Schmidt.

It was not. In laying down his party offices, Herr Schmidt appealed to his comrades not to abandon the pragmatism of office for opposition dreams of world improvement. His appeal went as unheeded as his vigorous support for Nato nuclear missile policy at the Cologne party congress last November.

Many Social Democrats, including perhaps Herr Willy Brandt, 20 years party chairman, seem to believe they could be back in power before long as Chancellor Helmut Kohl's Government lurches from one small scandal to another with a sort of genial innocence.

Failure

This is neither likely nor desirable. The Essen party congress has failed to provide coherent programmes for defence or economic policy. It was a full ten years between the Godesberg Programme of 1959, which bade farewell to dreams of German reunification and a welcome to the free market, and Herr Brandt's election as chancellor in 1969. There is no hurry whatever to revise the Godesberg Programme provided that at the end the Social Democrats have a firm notion of where a cramped and exposed country should go in the 1990s.

In security policy, "the party of the thousand Clausewitzes" so hacked about the executive's motion as to make it partly incomprehensible. The motion opens with a commitment to alliance membership and ignores demands from the Left for partial unilateral disarmament, "social" defence or an end to the Nato policy of "flexible response." However, the large majority for it was achieved at the expense of a resentful tone towards the U.S. and much fudging. One section appeals for both maintenance and abandonment of deterrence, another calls for a higher nuclear threshold without extra spending on conventional defence, while yet another demands of Nato "a structural inability to attack"—which suggests a new generation of tanks without forward gears.

The task of finding a new strategy is not easy. Those in Paris or Washington who have wrung their hands at the SPD since its rejections of the missiles last November might bear in mind that it is not the fault of the Social Democrats that West Germany would scarcely survive either nuclear or conventional exchanges. The entire alliance is talking of raising the nuclear threshold and the Essen congress did, at least, defeat a motion to freeze defence spending.

In economic policy, the party has swallowed much of its hostility to private broadcasting and the "technologies of the future," while drifting between free market and dirigist principles. Like the UK Labour Party confronted with the miners, the SPD cannot find the full-blooded support for the engineering workers' strike action that its traditions might suggest.

Like Labour, the Social Democrats may need years in opposition to decide where their new constituency lies: among the young protestants of the "peace movement" or the Catholic workers disgruntled with the Kohl Government they voted into power; amid the profoundly anti-modern voters of the Greens or a new class of modern-minded technicians Herr Brandt has discovered.

Ambiguities

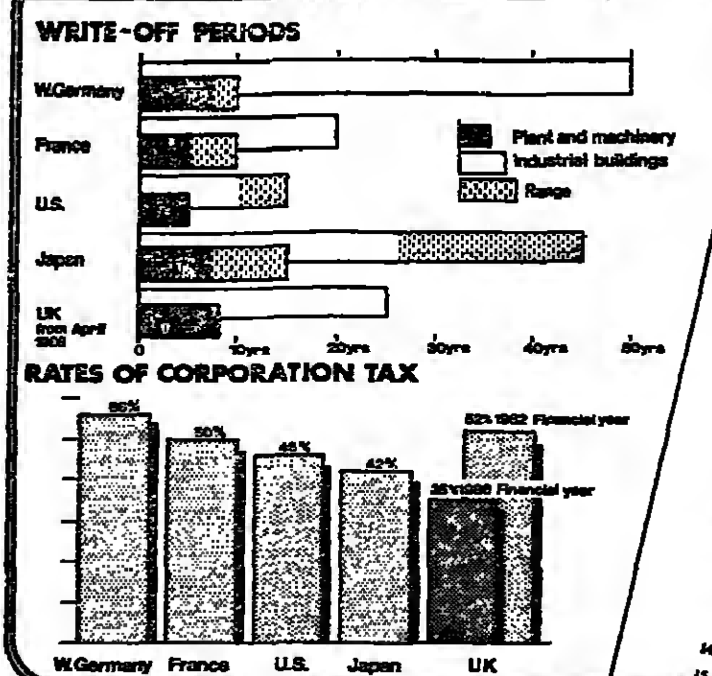
The Social Democrats are right to seek to consolidate power outside Bonn, in town halls and the *Laender*, but surely wrong to build a majority with the Greens in the state of Hesse while murmuring about a Grand Coalition with the Christian Democrats in Berlin.

Such ambiguities are central to the nature of Herr Brandt, who was re-elected on Sunday for another two years as party chairman. Until a new generation works through to the top, above all politicians with the economic ability of a Karl Schiller or Helmut Schmidt, the Social Democrats should make the best of opposition.

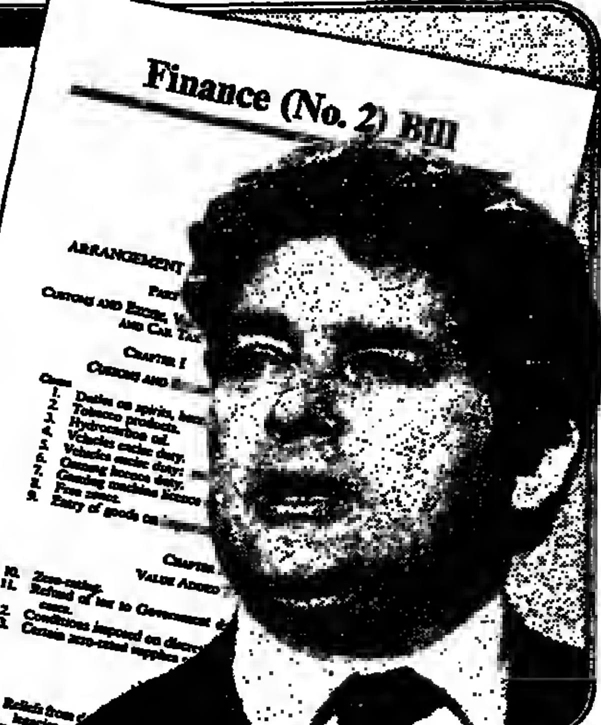
BRITISH CORPORATE TAXATION

Did the Budget really help?

By Michael Prowse



Source: UK Treasury



Martyn Barnes

TWO MONTHS after Mr Nigel Lawson's maiden Budget, finance directors, stockbrokers, accountants and tax advisers are still attempting (and largely failing) to fathom its full implications.

Although this year's Finance Bill is packed with complex and controversial legislation, the Chancellor's radical revision of corporation tax is hogging the limelight. There is intense speculation about its short and long-run effects—for individual companies, for industrial sectors and for the economy as a whole.

All companies have gained in at least one respect—through a reduction in uncertainty: Mr Lawson's medium-term approach means that, for the first time, finance directors know what the rate of corporation tax will be several years in advance. This is a luxury: until this Budget, chancellors announced the rate of corporation tax retrospectively—companies were in the position of not knowing at what rate the profits earned in the given year would be taxed.

All companies potentially lose because the Chancellor's changes mean there is now no protection against inflation in the corporate tax system. Many finance directors are less sanguine than Mr Lawson on the outlook for inflation and regret in particular the abolition of stock relief. This gave companies relief for rises in the value of inventories that merely reflected inflation. The Treasury argues that as inflation falls further the value of the relief would have declined.

Fair enough, but then why scrap it? So long as inflation does persist, it serves a purpose — it prevents the taxation of illusory profits. Its abolition makes the tax system more, rather than less, distortionary.

Less easy to appraise is the impact of the phased withdrawal of first-year capital allowances (presently 100 per cent for plant and machinery) which are being "balanced" by a progressive reduction in the rate of corporation tax from 52 per cent to 35 per cent in 1986. But several general points can be made.

First, companies whose investment is high relative to their profits will be relatively penalised. One estimate suggests that unless pre-tax profits (before depreciation) are more than two-and-a-half times planned investment, a company will be worse off. So mature companies, with little desire or ability to grow, will tend to gain at the expense of young firms trying to expand.

Second, as Mr Malcolm Gammie, director of accountant Thomson McLintock's national tax office, points out, "to hear Mr Lawson speak you would scarcely think unincorporated businesses existed in Britain." Unincorporated companies lose the first-year investment allowances but gain nothing from the reduced rate of corporation tax, since proprietors pay income, not corporation tax.

The unincorporated businesses that are trying to expand and whose investment is therefore high relative to their profits will suffer on both counts.

It is often thought that small firms are the most likely to create new jobs in a mature economy; in the U.S. a majority of the 20m new jobs created in the past decade have been in small firms.

Mr Lawson's tax changes are intended to create jobs by persuading companies to substitute labour for capital, but there is no certainty that this will happen. Mr Alan Clements, finance director at ICI, for example, says he "very much doubts that the tax changes will encourage us to employ more men and less machines."

Many less sanguine than Mr Lawson over inflation . . .

Companies can also expect to benefit from the Budget through the windfall gain on existing capital equipment. When installed, the equipment attracted tax relief at 52 per cent but from now on the profits it generates will be taxed at lower rates. However, to the extent that existing plant is made more attractive than new equipment, firms' propensity to invest may fall.

There has been much discussion also about the extent to which the Budget will speed up investment: spending on plant in the next two financial years years will attract favourable capital allowances (75 per cent and 50 per cent) yet much of the profit it generates will be taxed at only 35 per cent. Beyond 1986 companies will face the same tax rate but get only a 25 per cent annual writing-down allowance.

However, the speeding up may have been overstated. The Confederation of British Industry's post-budget investment survey did not pick up a surge of planned new investment. And some big companies regret they cannot alter their investment plans quickly enough to exploit this two-year "window of opportunity."

Mr Alan Willingale, group taxation manager at BP, admits it would be "ideal if we could cram the next five years' investment into two" but reckons it is impossible. Mr Clements at ICI agrees: "Control over cash has been crucial to the turnround of our business; we can't loosen up now because of a temporary tax advantage."

What impact will the tax change have on different sectors of the economy? The corporate tax burden will clearly be shifted from labour-intensive to capital-intensive firms, in other words from service industries to manufacturing. This may be good for jobs but, given Mr Lawson's recent concern about the long-term decline of North Sea oil output, its motivation has been questioned.

Britain needs to foster a revival in manufacturing: squads of extra hairdressers, garage attendants and waiters will do little for the balance of payments because they do not contribute to exports. It is the traded-goods sector that must revive if Britain is to pay its way.

At a still more micro level, three sectors claim to have been hit particularly hard: shipping, oil, and banks.

Before the Budget, British shipping groups were optimistically lobbying for an increase in free depreciation (from 100 per cent to 140 per cent) to keep them internationally competitive. They were dumbfounded that Mr Lawson made no exception for them.

There is little case on tax grounds for special treatment (good taxes should apply universally), yet as Mr Alan Kelsey, shipping analyst at the stockbroker Kitcat and Aitken, admits, the industry's rivals abroad benefit from all manner of subsidies, and the Budget has widened the gap.

Oil companies are also unhappy about the Budget. While supporting the basic philosophy of the corporate tax upheaval, Mr Willingale at BP argues that his company will lose out on two counts: it is capital-intensive and the phasing out of first-year allowances will adversely affect its North Sea activity.

Big oil companies have been willing to develop small, marginal North Sea fields (and thereby create more tax revenue for the Exchequer) partly because the associated capital allowances could be used elsewhere to reduce the taxation.

There was intense speculation before the Budget that a new tax would be slapped on Britain's profitable clearing banks. In effect, the Chancellor has achieved this without resorting to a new financial services tax. The withdrawal of first-year allowances has clobbered their leasing business. In recent years, because manufacturing industry has seen so few profits, it has been unable to exploit capital allowances (having nothing to set them against) and banks have bought assets, leased them to manufacturers, and shared the allowances.

The banks expected to defer tax on income from leasing indefinitely through new capital allowances—and so did not set aside enough to cover their notional liability. In total, Britain's clearers have had to make extra provisions of about £1.8bn (roughly equivalent to their 1983 earnings).

Finance directors a little schizophrenic about the changes

Some brokers argue the long-term effect of the tax changes will be to depress investment and reduce Britain's potential capital stock. The magnitude of the effect depends on inflation and on how firms finance the investment.

The stockbroker Phillips and Drew, for example, argues that 15 per cent more profits will have to be made on a typical marginal investment project under the new tax system in order for the project to remain as attractive as before.

Finance directors seem a little schizophrenic about Mr Lawson's changes. Most appear to accept the logic of trying to create employment by raising the cost of capital, yet few seem to regard their own companies as much better off as a result of the new regime.

Of course, there are exceptions. Groups like Rio Tinto-Zinc with a large overseas content are clear winners, since they will pay extra tax on repatriated profits less often (because the UK tax rate will less often exceed the rate paid abroad) while the withdrawal of capital allowances is here immaterial.

But what of the underlying logic for the new regime? Since the Budget all kinds of stance have been adopted. As so often, the CBI supports the broad thrust but worries over the details. It thinks that capital allowances should be withdrawn at a more leisurely pace, yet is happy enough about the timetable for reducing corporation tax rates. It would like to see a 25 per cent straight-line writing-down allowance for plant and machinery. This would mean fixed assets were written off in four equal chunks over four years.

Mr Lawson's "reducing balance" approach is more complex: each year 25 per cent of an asset's remaining value is written off, a process that never ends. A straight-line system would leave Britain more competitive internationally (see chart).

Mr Roger White, senior tax partner at accountant Peat, Marwick Mitchell, reckons that "looking backwards" a 25 per cent reducing balance allowance may be "roughly equivalent to commercial depreciation." But looking forward, "rapidly changing technology suggests assets may become obsolete somewhat faster." Mr White also echoes concern over whether a long-term structural reform of corporation tax should be based on the assumption that inflation is down for good.

Some fiscal experts are openly critical of Mr Lawson. According to Mr John Kay, director of the Institute for Fiscal Studies, the Budget was encouraging only because it showed "what an enormous constituency there is for tax reform." The Chancellor is taking Britain's tax system in a direction diametrically opposed to that advocated by the IFS since the publication of the Meade report in 1978. That advocated an extension of 100 per cent first-year allowances as one step towards a fully fledged "cash-flow" corporation tax.

If inflation stays low, Mr Lawson's changes will reduce the distortions of the present system, but a cash-flow tax, theoretically, could do better still; pre- and post-tax returns would be equal however a company financed its investment and whatever assets it bought. It would compensate automatically for inflation. Most importantly, it would not impose tax bills on companies, apparently justified by historical-cost profits, which they cannot pay because of a lack of liquidity.

The broker W. Greenwell has pointed out that the Budget changes may well impose severe strains on corporate liquidity in 1985 and 1986. Any tax based purely on profits runs this risk. Some experts conjecture that, by acting swiftly, Mr Lawson may have overlooked the better way of reforming company taxes.

Men and Matters

Van Lennep leaves OECD

Amid the usual strife over debts, interest rates and unemployment, ministers from 24 member countries at last week's meeting of the Organisation for Economic Co-operation and Development were at least unanimous in their tributes to Emile van Lennep. The 69-year-old Dutchman is finally leaving OECD at the end of September after 15 years as secretary-general.

With the departure over the last few years of Johannes Witteveen from the IMF, and Jelle Zijlstra from the Bank for International Settlements, van Lennep is the last member of the Dutch trio who was in charge of the main international economic organisations during the 1970s.

Still forceful enough to win a wrestling match with any of the world's finance ministers, the bull-necked van Lennep emerged from the final session last week looking a good deal more cheerful than the somewhat tired communique.

After one and half decades spanning the transition from fixed to floating exchange rates, two oil shocks, and half a dozen U.S. Treasury Secretaries, he says simply: "I'm looking forward to a change."

Van Lennep was especially pleased by agreement last week on his initiative for a fresh attack against protectionism; and the secretariat is in the vanguard of those preaching the new jargon word of "flexibility" in labour, capital and manufacturing markets to coax along economic recovery.

If the Americans now agree that their OECD membership fees are worth paying, agreement on van Lennep's successor has been almost as difficult to achieve as accord over U.S. interest rates. He stayed on for another term in 1983 after the Americans and Europeans reached stalemate in a battle over opposing choices.

But without dissent, the job will now go to Jean-Claude Paye, a 49-year-old senior official at the French Foreign Ministry, and a former close adviser to Raymond Barre.

"That's MCC mate—where do you expect us to go when the Soccer season's over—Bolsover?"

Bonn chance

Three years ago, Helga Steeg was a much-fancied candidate to succeed van Lennep. Now the top West German civil servant will take over instead from her compatriot, Dr Ulf Lantzke, as head of the OECD's offspring, the International Energy Agency.

Steeg has become a redoubtable figure in the Bonn bureaucracy. She is one of a handful of women who have made it anywhere close to the top of politics or government in her country. And, in a city which has drawn most of its population from other parts of Germany, she is that comparative exception: a Bonner, born and bred.

When Steeg was born there, nearly 57 years ago, Bonn was still only a compact and pretty university city on one of Germany's dorsal railway lines. She studied law in Bonn before joining the economics ministry in 1955. Apart from a few brief intervals abroad, she has stayed there ever since; for the past 11 years as head of the ministry's external economics and development aid division.

Her IEA appointment is by no means to be regarded as a consolation prize. And with OPEC—and oil in general—long overdue a comeback in the international news, much may be heard of Steeg sooner rather than later.

Marathon man

Professor Bryan Carsberg's recreation is running. He has run in two of the London Marathons—though not this year's—and his best time is a respectable 3hrs 41mins.

That is exactly the sort of energy and endurance that may be needed to keep up with the game when he becomes director-general of the Office of Telecommunications, and referee in Britain's new liberalised and privatised industry.

Oftel will be expected to keep a close watch on British Telecom which still dominates Britain's telecommunications. And like other referees, Carsberg may find himself at the centre of many controversies, the most unpopular man on the pitch.

Compared with the Federal Communications Commission in the U.S. Oftel's resources will be minute. Most of Carsberg's 50 staff will be civil servants, and they will be dealing with BT negotiations who have often in the past run rings round the Department of Trade and Industry.

But Carsberg himself is well qualified to test if BT is abusing its effective monopolies and cross subsidising new competitive activities.

Currently Professor of Accounting at the London School of Economics and director of research at the Institute of Chartered Accountants, Carsberg is perhaps best known for his involvement in inflation accounting standards both in the UK and U.S.

His introduction to telecommunications came as one of the "three wise men" who acted as independent advisers to the DTI on such esoteric issues as value added network services on telephone lines and cellular radio.

Pennock's patch

Lord Pennock is to be the first Brit to chair Unice, the European employers' body, since its foundation 26 years ago. He will succeed Guido Carli, a former minister and Governor of the Bank of Italy, on June 7.

It is, literally, an unrewarding job—there's no salary—and it is likely to be figuratively unrewarding as well. On the day he takes over, its constituent members—the business confederations of all the EEC member states—are expected to agree a cut in its budget of £1.2m a year, and in the 30 staff employed in Brussels.

Pennock, 63, has trimmed flab before at BICC, the cable and wire company, where he is executive chairman until the end of this year. As a former chairman of the CBI, (1980-82) he knows the workings of Government.

He can be gruff with Governments at times: he called the 1981 budget a "kick in the teeth" to business while he was chairman of the CBI; and he once courted Prime Ministerial disfavour by retailing the story, in Mrs Thatcher's company, of how she had been thought too pushy by an ICI recruitment panel, and rejected. (She turned the tables on him by suggesting that if she had been accepted, she might have wound up as chairman of the CBI.)

Europe's business voice is supposed to be growing stronger (in spite of economies); and Pennock will be expected to speak up against EEC plans for more industrial democracy, more protection for part-time workers and more regulation of business.

Observer

BRYMON
Fly you there in big airline comfort.
From Heathrow to Plymouth, Newquay.
Gatwick to Plymouth 1hr. from £58 return.
Still struggling down to the West Country by road or rail? Jams, hold-ups, parking problems. Over-night stops in hotels. All that wasted time!
Let Brymon fly you there in 'big' airline comfort in one hour. Brymon have lots of other handy time-saver routes too:
Gatwick to Birmingham and E. Midlands.
3 times every day from Gatwick. Only £42 single.
Plymouth to Jersey, Guernsey, Cork and Scilly Isles.
Plymouth to Aberdeen, Cork, Scilly Isles, Jersey & Guernsey, Newquay.
Gatwick to Plymouth, Newquay, East Midlands, Scilly Isles, Birmingham, Exeter.
Heathrow to Plymouth, Newquay.
Birmingham to East Midlands.
Newquay to Jersey, Guernsey and Aberdeen.
Exeter to Scilly Isles.
Jersey to Cork.
Aberdeen to Jersey & Guernsey.
BRYMON
Talk to your Travel Agent or phone 01-549 6535

THE ARTS

Obituary/Sir John Betjeman

Anthony Curtis

John Betjeman, who died on Saturday at the age of 77, was a schoolboy of 12 at the end of World War One. He was part of that brilliant generation who were undergraduates in the 1920s. The sense of Armageddon escaped by a narrow shave had a formative influence upon their imaginations. It gave them a sharp sense of irony, a heartlessness beneath the surface charm and sense of fun, a compulsive need to make connections with the Old England of before the war. This bad been rigidly stratified socially and had been free of such benefits, dubious, in their eyes, as the internal combustion engine, and higher education among women.

One of Betjeman's earliest prose books, *An Oxford University Chest* (1938), has a distinctly "sexist" tone that seems at odds with his later work; and it contained this avowal: "To escapists, to arty people like the author of these pages, the internal combustion engine is, next to wireless, the most sinister modern invention. It booms overhead with its cargo of bombs, it roars down lanes with its cargo of cads, it poisons the air, endangers the streets, deafens the ears and deadens the senses. That its most successful manifestation in England should be at Oxford, of all places, passes belief."

Betjeman's innate artiness had begun to flower when be was a schoolboy at Marlborough under the influence of two contemporaries who were both to become eminent art-historians, Ellis Waterhouse and Anthony Blunt. It found fertile soil later at Oxford where be read English at Magdalen College. Henry Green (who had already written his first novel while at Eton) was a fellow-undergraduate and noted the artiness in Betjeman. "He caught us all on the hop," Green once said to me, "pointing out the beauty of Victorian buildings and paperweights, and that sort of thing."

Green and Betjeman were among the first batch of undergraduates to receive tuition from C. S. Lewis. "After Betjeman and I, Lewis turned to Christianity," said Green. Both of them left Oxford prematurely without taking a degree. In both cases the shadow of a father at the head of a prosperous family business loomed over their lives. Green vanquished it by actually joining the business, while continuing to write novels in his lunch-break and on holiday. Betjeman could not accept that solution, as he explained in the long antobiographical poem *Summoned by Bells* (1960). For him the escapism, and the conservationist artiness, had to become the profession until such time as, many years later, he could live by his poetry.

In 1933 he made his first impact upon the reading public in an essayist's role with a volume called *Ghastly Good Taste.* But he had also emerged to a tiny circle of admirers as a poet. In 1931 *Mount Zion* appeared from the James Press, a venture financed by the millionaire Edward James whom he had known at Oxford. It was another six years before his next poetic volume *Continual Dew* surfaced, this time from John Murray, who was to be his publisher for the rest of his life.

It made a somewhat bigger splash with the aid of a number of other talents. E. McKnight Kauffer designed the dust-jacket, Osbert Lancaster the decorative borders. Lord Longford (not the current one) corrected the proofs. Lord Berners was the dedicatee. Mr C. S. Lewis was thanked "for the fact on page 256." However, there was no page 256.

The familiar notes of celebration of a simpler style of life and worship in the past and a loathing of present tendencies were firmly, even crudely struck.

Come, friendly bombs, and fall on Slough
It isn't fit for humans now...

At the same time be showed his talent for what might be called the narrative-miniature, the closely observed, short, ironic poem that frames one dramatic episode, often taken direct from life and often culminating in death or disaster, as in "The Arrest of Oscar Wilde at the Cadogan Hotel."

The 1930s and 1940s were difficult decades for Betjeman professionally. He became a film correspondent, lunching Gainsborough Girls at the Cheshire Cheese in Fleet Street, an architectural correspondent, a novel-reviewer, and wrote any piece of literary journalism that would keep body and soul (and family) together, while the steady, glittering stream of verse continued to flow: *Old Lights for New Chancels* (1940), *New Bats in old Belfries* (1945), *A Few Late Chrysanthemums* (1954).

Some forays into documentary films on old buildings revealed his remarkable talents as a performer which were to come fully into their own in the age of television after the Second World War. Meanwhile, with champions like Auden, his verse was starting to attract a much wider public than hitherto. His poems of infatuation with large-limbed, masterful middle-class tennis-playing English heroines found an appreciative response among a new khaki-clad generation, as did his satirical eye for tell-tale detail and his obsession with the imminence of death in the midst of ordinary life.

But it was not until after the war that he became a poetic best-seller to rank with Tennyson and Scott. His *Collected Poems* (1958) sold in its thousands; at the same time be had emerged as the patron saint of the conservationist movement, the editor of Collins *Guide to English Parish Churches* and as a familiar figure on the television screen. The programmes which be wrote and narrated for Edward Mirzoeff, notably *Metro-Land*, were acclaimed as masterpieces of the small screen.

Here, as elsewhere in his work, his secret lay in the sharpness of his observation of the particular, opening up revelatory vistas beneath the bland exterior. In his most famous poem, for example, A Subaltern's Love Song, about Joan Hunter Dunn on the night of her engagement, we are told that "*She drove* (my italics) to the club in the late summer haze" and when the couple arrive there, they spend the whole evening in the car park while the subaltern plucks up courage to pop the question. "And here on my right is the girl of my choice." In other words, Joan was firmly in the driving-seat. It is safe to infer she remained there for the entire duration of the marriage.

Betjeman was awarded the Queen's Gold Medal for Poetry in 1960; be was knighted in 1969 and mada Poet Laureate in 1972. By then be was a sufferer from Parkinson's Disease and his poetic gift had dried up. It is for his earlier poetry, often written in an affectionate spirit of parody or pastiche, that he will be long remembered.

Arts and the disabled

The Committee of Inquiry into the Arts and Disabled People is interested in bearing from people with disabilities about the difficulties they bave experienced in pursuing artistic interests, and whether they have found ways of overcoming the problems.

Richard Attenborough, chairman of the committee formed to improve the situation, can be reached at Nuffield Lodge, Regents Park, London, NW1.

Architecture

Colin Amery

Ornament and ostentation

The Rococo exhibition, at the Victoria and Albert Museum until the end of September, is a rare event. It is not just an assembly of 500 objects but an exploration of one idea in the visual arts that was applied, in its time, to every possible area of endeavour. From architecture to silver, from printing to sculpture, the rococo flourished in an England that was prospering in the mid-18th century. The wit and elaboration of the style depended on the expenditure of large sums of money—it was a style for the few.

A style like the rococo makes an ideal subject for a serious art-historical exploration and it is saved from academic tedium by the sheer exuberance of the objects on show. There should be no doubt that this is a very serious attempt, and a successful one, to define what the rococo was in England. For too long it has been regarded as a Continental extravagance, something probably French and definitely frivolous.

The approach to the design of the exhibition is anything but frivolous. Brian Griggs has adopted a totally simple formula; grey walls, simple screens that allow these eccentric objects to show their paces. It is not a memorable exhibition design, rather a design that enables you to remember the objects, and many of these are stupendous.

The rococo style derives from *le genre pittoresque* and has been described as a style that broke the rules of restraint in decoration and developed its own bizarre life. A candlestick design by Juste Aurèle Meissonnier of 1728 shows the style very clearly. Three prints are necessary to show its asymmetry and the main stem and the base are a flowing mass of ribbed decoration resembling *rocaille.*

It is this 17th century word, *rocaille*, that was coined to describe the kind of artificial rocks made for grottoes and false caves that were filled with shells, fish and other strange cave-dwelling creatures. In the exhibition catalogue the outraged reaction of a contemporary, the Abbe le Blanc, to these decorative excesses also reveals the nature of the style. "They heap cornices, bases, columns, cascades, rushes and rocks, in a confused manner, one upon another; and in some corner of this chaos, they will place a cupid in great fright, and heve a festoon of flowers above the whole. And this is what they call designs of a new taste."

Perhaps it is because we have lived through the worst excesses of Victorian kitsch that to our eyes the rococo is not as outrageous as it was in the early 18th century. But it is worth looking with a fresh eye et the extravagances of such things as the pier glass by Matthias Lock with its glorious collection of rustic trophies and a hare's head under a baldachino in the centre; or the sauce boat in the form of a plaice with a spray of sea weed for a handle; and the pair of mad monkeys sitting over the door from the great drawing room of Norfolk House.

The hints of China, the references to the grotesque make the rococo style an assemblage of much of the subconscious of 18th-century Europe. And it was Europen refugees and invitees that made the style in England. Italian plasterers, Huguenot silversmiths, French draughtsmen all came to work in England for the growing market of the rich. It was Hogarth's Academy in St Martin's Lane and the local Slaughter's Coffee House that were the two centres of development for the new style.

At the centre of the exhibition is a model and a reconstruction of some supper boxes from the Vauxhall Gardens. It was bare that Hogarth helped to arrange for the decoration of all the boxes with large pictures, where the great Roubiliac statue of Handel presided over the spontaneous and adventurous artistic entertainers. Turkish tents, rotundas and the spiky Gothic orchestra pavilion set in a formal garden represented the apotheosis of the rococo as a public art.

Much of what we see in the V and A is in fact from the private realm. In England rococo architecture was never built on any large scale and it is the furnishings, even the clothes of the patrons that we see. The silver and gold is outstanding, often actually given the textures of nature. The furniture is stylishly shown but it is not explained that the purpose of much of it was as display pieces. A patron would have one outrageous rococo piece of furniture in a relatively plain setting.

It may seem churlish to criticise a show that is so well conceived and holds together around an idea so successfully but I did miss the particularly English contribution made to the design of gardens and the often highly original garden buildings and follies. This was our special development of *le genre pittoresque.* Also I felt that there was room for more detailed views, perhaps photographs of some of the rococo interiors in England. This said, it is the objects that speak so clearly and the excellent catalogue is invaluable. This is the sort of exhibition that only the Victoria and Albert can do, and it is done very well. It is sponsored by Trust House Forte.

Invitation to an 18th century concert. The V. & A. is holding a 20th century equivalent as part of a series on concerts to mark its Rococo show

Cherevichki/Morley College

Rodney Milnes

Cherevichki (1885), known variously as *The Tsarina's Slippers* and *The Caprices of Oxana*, is Chaikovsky's most unexpected opera, a hearty, picaresque fairy-tale farce based on Gogol's *Christmas Eve* and packed with enough folk-based music to melt the beart of the sternest member of the Mighty Handful.

The eponymous imperial footweer — in fect high-heeled leather shoes—is the price demanded by the capricious village maiden Oxena for her hand in marriage to Vakula the blacksmith (the score is a revision of the earlier opera of that title). Vakula's mother is the local witch; amongst her many lovers is the Devil, who is tricked into transporting him to St Petersburg by air to acquire the *cherevichki* not from Catherine the Greet herself, alas, Tsarist censorship being what it was, but from a court official.

Chaikovsky himself had a high opinion of the work—a rare enough occurrence—and with reason. It is prodigiously rich in melody and scored with characteristic pungency. The Devil's blizzard, the second-act finale (good thick soup), and Vakula's aria, much reprised, are mong the composer's happiest inspirations. The character of Vakula, a sort of butch Ukranian Albert Herring, is well drawn, and in the scene in which his mother entertains four lovers, hiding each in a sack as the next arrives, is wholly irresistible.

Incomprehensibly it has been left to Morley Opera to give *Cherevichki* its first staging in this country, though the presence in the audience of representatives from two national companies gives hope for the future: lavishly staged, this could be a smash-hit Christmas show. Lavishness is of course what Morley cannot afford, but Paul Brown's *highly ingenious* set—a little folk-theatre set centre-stage — provided the essentiel colour and suggested magic effects well.

There was some cepable singing. Gerardine Arthur's beautifully warm soprano, if a little capricious of intonation at full stretch, did well by Oxana, and as Vakula Lazlo Swen fielded a strong, natural tenor. Kirsten Johnson (the Witch) enjoyed herself as much as the audience, and the whole cast projected Arthur Jecobs' snappy translation with admirable clarity. In the pit, Andrew Downie kept firm control of his occasionally unpredictable singers while relishing the orchestral possibilities of an endlesly colourful score. There is one further performance tonight

Mischiefs of Terpsichore

Clement Crisp

On the thin and sagging narrative thread of a ballet competition, Natalya Kasatkina and Vladimir Vasilyov of the Moscow Classical Ballet beve devised a show-case of classical and not-so-classical party-pieces for their dancers. The framework — of jury, competilors, and various manic hangers-on — is radiantly naif in presentation, but on Friday night at the Dominion we sat through its laboured jovialities in order to catch something of the qualities of the Moscow artists.

These are displayed in a collection of well-worn pas de deux, with a couple of curiosities owed to the choreographic taste of Kasatkina and Vasilyov. This *Mischiefs of Terpsichore* is made supportable by the gifts of certain performers, the men of the troupe coming off rather better than the women. Stanislav Isayev, the Adam of *The Creation of the World*, is seen again to be a dancer of refined and bright talent, whether partnering the dizzying turns of Tatyana Paly (who produces quadruple *fouettés* with an ease denied most dancers trying to whip through singles) or partnaring Ekaterina Maximova, in less than convincing form, in an odd balcony duet from the company's *Romeo and Juliet.*

The heroic Alexander Gorbatsevich is trapped in a *Homage to Fokine* that has him threshing about in disparate fragments of the master's choreography (somewhat inaccurate in step) in a rainstorm.

Viktor Kasatsky is also e victim of the weather: be is a Raskolnikov-figure in a snowstorm, suffering to part of Chaikovsky's fifth symphony and required to carry Olga Pavlova in a white leotard as a message of hope or despair, or maybe just frost-bite. But Mr Kasatsky, with his intense manner and marvellous face, convinces us of the worth of this otherwise unremarkable choreography from Vasilyov and Kasatkina.

And so it goes on. Codas from four celebrated pas de deux are whistled through in a cascade of spins and leaps; style seems too often sacrificed to technical show. The circus bas come to town. The programme leaflet, which is a rich mine of misspellings and misinformation, promises, but does not deliver, some choreography by Kasyan Golseizovsky, and also proposes a choreographer by the name of Michael Pokin. Come to think of it, Mr Pokin could have brightened up the evening.

Antigone/Cottesloe

B. A. Young

In their production of *Antigone*, John Burgess and Peler Gill ara celebrating an *act of devotion to Sophocles.* In the long run, it doesn't matter much how you dress the players in a Greek play, whet kind of stage you put them on, how you bave the choruses spoken. It is the words, and the delivery of the words, that make the play.

Here Alison Chitty gives us a bare floor of what might be polished rock, and a plain back wall pierced by a rectilinear doorway slightly embellished with a suggestion of stone building. The chorus is dressed in grey double-breasted suits, grey soft hats with bleck hands, and black shoes. They carry walking-sticks in their right hands, and when they sit down, they sit on plain kitchen chairs. They might easily be beld to represent typical Greek businessmen of our own day taking their evening walk along the streets of Athens.

I don't know if it was this resemblance that put the idea into my head, but I thought Peter Sproule as Creon bad a distinct look of one of the present-day Greek royal family, with his balding heed, dark suit, stiff white collar. Jane Lapotaire as Antigone, Vivienne Ritchie as ber sister Ismene, were young women from good Greek homes, the one in red, the other in black.

But once the performance began, there was no doubt where we were: we were in Thebes, and the gruesome legend of Antigone's condemnation for her loyalty to ber dead brother Polyneices, with its bloody consequences, was rolling past us. The translation by C. A. Trypanis is stark and lucid.

Both speaking and acting are restrained. There is no attempt to make plain words into poetry, when the story was poetry enough. It was this restraint that made the evening so chillingly moving. We could have been hearing a television news reader tell us of some ghastly disaster. The emotion was injected into it by our own reactions.

Given such an approach to the play, Miss Lapotaire and Mr Sproule could not have been better. There was good speaking too by Ron Pember as the guard who tracks Antigone down, and by John Bailey as Teiresias with his grim prophecies.

Oh, Kay!/Chichester

Michael Coveney

George and Ira Gershwin wrote this 1926 Prohibition musical for Gertrude Lawrence, who was the first English actress to nriginate a role on Broadway and then play it in London. It was composed by the brothers to a story by Guy Bolton and P. G. Wodehouse and has all the period frippery of a disguised maid falling in love with an unattainable Long Island playboy, irate parents of the playboy's supposed fiancée, and choruses of suddenly manifesting bootleggers and flappers.

Kay is the sister of the silly ass Duke of Datchet — here given a different name, the Duke of Dumbarton, and the full insufferable silly ass works by Edward Hibbert — who is smuggling hooch on board his yacht just over the 12-mile limit. The romantic plot, which involves the shuffling and buying-off of rival brides so that Kay can land her man, is oiled by the disguised presence of another bootlegger, McGee, niftily portrayed by Geoffrey Hutchings.

The score is indeed full of good things, not just such well-known songs as "Someone to Watch Over Me" and "Clap Yo' Hands," but also such lesser-known gems as "Dear Little Girls," a mellifluous welcome-home item for the heart-throb, Jimmy Winter, from a houseful of available gigglers, including twins, and "Maybe," a fine romantic number for the lead couple. The book has been slightly tinkered with by Tony Geiss and Ned Sherrin, who introduce a white-tailed pianist with matching grand, who revovles through the action not to very mnch point or purpose. The design of Peter Rice echoes the idea, using the black Chichester floor as a piano top and some steps down from stage level as a large keyboard over which Jane Carr dangles her legs in a poignant rendition of the interpolated "But Not for Me."

Miss Carr's Kay is a determined, chipper girl, graduating from green bathing costume and yellow oilskins to roseate fulfilment via the maid's uniform. It is, as yon would expect, a decisive and enjoyable performance. Even more interesting, however, is that of Michael Siberry as the langourous Jimmy, making a virtue of slow-wittedness and pointing his lines with the well-timed insonciance of either of the acting Fox brothers, James and Edward, both of whom he resembles.

The second half picks np with the bighly enjoyable tap-chorus number, "Fidgety Feet," two fine songs for which Howard Dietz supplied lyrics, and a well-staged finale on board the yacht, with everyone pairing off and beading down to the Riviera. But too much of Ian Judge's eager, bustling production is a result of strain without atyle and a sort of pervasive, brittle desperation. The choreography by Lindsay Dolan is more serviceable than inspired.

A lunch scene is allowed to degenerate into awful pantomime camp, with Geoffrey Hutchings not only tossing the salad but wiping his nose on it, too. Hair styles and waist-lines are strangely unconvincing, and mobile (costumes by Peter Farmer). The sound system is, at the moment, distinctly tinny, but the difficulties of staging an intimata show like this on the cavernous Chichester apron must be enormous. I just wish there was more affectionate style about the evening and less frenetic grimacing. The sliding Perspex panels, trundling revolve and that pianist with his candles, revive bad memories of all those recent compilation cabarets.

Apart from the young leads, the smoothest work is from Terence Bavler as a fraught spy from the Revenue and from Josephine Blake as a long-lost wife, who will show a leg at the slightest provocation or the hint of a good tune.

Alastair Muir

Jane Carr

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

May 18–24

LONDON

Bach Choir and English Chamber Orchestra conducted by Sir David Willcocks, with soloists including Felicity Lott, soprano, in the presence of the Prince and Princess of Wales. Haydn and Mozart. Royal Festival Hall (Mon). (9283191).

Philharmonia Orchestra conducted by Vladimir Ashkenazy with Boris Belkin, violin. Weber, Shostakovich and Dvorak. Royal Festival Hall (Tue).

Londano conducted by Odaline de la Martinez. Falla, Roberto Gerhard and Cristobal Halffter. Queen Elizabeth Hall (Wed). (9283191).

PARIS

Alain Marion, flute, Jeremy Menuhin, piano. Mozart, Schubert, Schumann, Roussel, Jolivet, Prokofiev (Mon). Radio France Grand Auditorium (5241516).

Ensemble Orchestral de Paris, Jean-Pierre Wallez conductor and violin soloist, Gundula Janowitz, soprano: Bach, Telemann (Mon). Théâtre des Champs Elysées (7234777).

Trio Lee-Bride-Bosfil: Haydn, Mendelssohn, Schubert (Tue). Salle Gaveau (5632030).

Alex Lagoya, guitar. Mozart, Haydn and Mozart's Coronation Mass with Rouen's Ensemble Orchestral and soloists and singers from Saint-Eustache conducted by J.-P. Berlingen (Tue, 8.45). Saint-Eustache Church, Metro Les Halles (6568542).

Paul Kuentz Orchestra: Mozart quartets for flute and oboe and trio for strings (Tue). Saint-Severin Church (6338761).

Nouvel Orchestre Philharmonique conducted by Alexandre Myrat, Alain Marion, flute. Boieldieu, Koechlin, Ibert, Bizet (Wed). Salle Gaveau (5632030).

Ircam — Ensemble Intercontemporain: George Lewis — a jazz musician treating a computer as his partner (Wed, Thur). Centre George Pompidou, Ircam Atelier (278 7995).

Orchestre National de France conducted by Seiji Ozawa, Kathleen Battle, soprano; David Rendall, tenor; Tom Krause, baritone; Radio France Choir, Haydn — Creation (Thur). Saint-Denis Basilica, Metro St. Denis (5241516).

Radu Lupu and **Murray Perahia**, pianos. Mozart, Schubert, Schumann (Thur). Salle Pleyel (5610630).

WEST GERMANY

Hamburg, Opera: A lieder recital with Tatyana Troyanos accompanied by Geoffrey Parsons. Mozart, Berlioz, Mahler, Berg, Ravel and Rossini (Tue).

Berlin Philharmonie: Berlin Philharmonic Orchestra, conducted by Gary Bertini, with Gerhard Oppitz as soloist. Bruckner's 1st Symphony. (Wed).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Erich Leinsdorf conducting, Leon Fleisher, piano. Roussel, Debussy, Ravel (Tue); Erich Leinsdorf conducting, Florence Quivar mezzosoprano, New York Choral Artists, directed by Joseph Flummerfelt and Brooklyn Boys' Chorus, directed by James McCarthy, All-Mahler program (Thur). Lincoln Center (8742424).

WASHINGTON

Pittsburgh Symphony (Concert Hall): André Previn conducting. Copland, Gershwin, John Harbison (Tue). Kennedy Center (2543776).

CHICAGO

Chicago Symphony (Orchestra Hall): Claudio Abbado conducting, Chicago Symphony Chorus. All-Berg programme (Thur).

VIENNA

Vienna Boys' Choir, Chorus Viennensis conducted by Uwe Harrer with Peter Schreier, tenor, and Gottfried Hornik, baritone. Bach, Bruckner. Musikverein (Tue). (658190).

Music For Two Pianos with Jolanthe Seyfried and Ludwig Kari. Schönberg and Debussy. Musikverein. Brahms Saal (Tue).

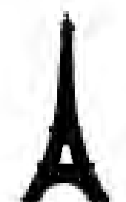
South American Music Festival with Stan Getz. Konzerthaus (Tue). (721211).

Peter Schreier: Beethoven Lieder (Thur). Musikverein.

HAND - DELIVERY IN PARIS

Many of our subscribers already receive their copy of the **Financial Times** on the day of publication. If you live in the 1st, 2nd, 7th, 8th, 9th, 15th, 16th or 17th arrondissement, Neuilly or La Défense and would like to hear more about this service, then contact :

Benjamin M. HUGHES
Financial Times (Europe) Ltd
Centre d'Affaires Le Louvre
168, rue de Rivoli
75044 PARIS CEDEX 01
Tél. (1) 297.06.23



FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

WORLD VALUE OF THE POUND
every Tuesday in the Financial Times

CARAJAS IRON ORE PROJECT

Brazil's enormous gamble

By Andrew Whitley in Rio de Janeiro

FROM 5,000 feet the bottle-green velvet of the jungle looks as if it has been savaged by a giant moth. A vermilion streak, straight as a dye across to the horizon, suggests that man has also been at work.

Circling lower, the outlines of the low Carajas hills, 350 miles south west of the old Amazon port of Belem, emerge from the immense carpet of trees. The moth-eaten parts become bare clearings of "Canga"—the rock rich in iron ore which first betrayed the existence here of mineral deposits—or else busy work camps and construction sites.

The Carajas iron ore deposits—at 18bn tons the largest and richest anywhere—were for years the Brazilian Government's calling card with the international banks, as well as its loan collateral. Seventeen years after their discovery, and three-and-a-half years after site work began, the project is finally approaching completion.

Moreover, Carajas will probably be completed at an overall price 20 per cent below the budget worked out at the end of 1981 with the World Bank, the project's most enthusiastic and faithful backer.

New figures presented to official foreign creditors recently put the final price tag at $3.6bn, down $900m on the original $4.5bn.

Instead of cost overruns, CVRD has cut spending

Instead of cost overruns, par for the course on major development projects, especially those in remote parts of the world without any pre-existing infrastructure, Companhia Vale do Rio Doce (CVRD) has successfully reduced its planned spending on Carajas—without cutting down on its scale.

For $3.6bn—an estimate which includes loan interest and working capital during construction, but excludes a $400m contingency allowance—Brazil will get an iron ore mine capable of churning out high grade ore for half a millenium, at its full rated capacity of 35m tons a year.

"It will, without doubt, be the biggest supplier of iron ore to the world market in future," enthuses Mr Tom Cheney, head of BP Minerals in Brazil.

For its money, Brazil also gets a 550-mile railway line across the south-east Amazon Region, virgin territory earmarked by the Government for colonisation and development, as well as a new, all-weather port on the South Atlantic coast, at Sao Luis, capable of handling ships of up to 280,000 dwt.

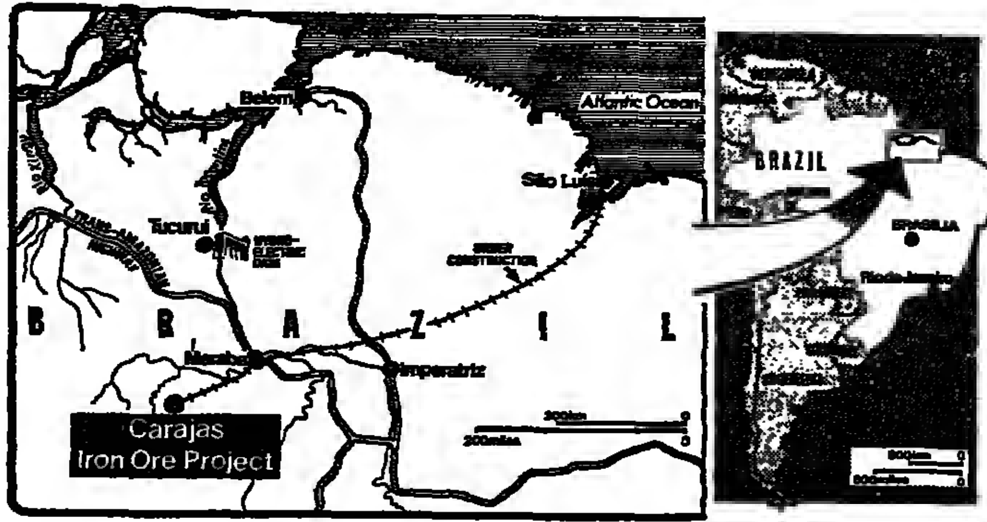
"Carajas is an outstanding example of effective project management," says, not immodestly, Sr Samir Zraick, finance director of CVRD, one of the world's leading mining companies. The Brazilian Government controls the company through its 56 per cent shareholding, with the remainder being held by investors on the Rio and Sao Paulo stock exchanges.

Few western mining executives would disagree with Sr Zraick's judgment. Whatever their views about the economic viability of the project—opinions vary, depending on their respective projections for world iron ore prices—they all agree that the Brazilian state company has done an excellent job.

Just over 12 months ago the CVRD board decided to postpone the planned start-up date by one year, to July 1986, because of the weak world market. Getting the timing right is critical. For if Carajas, which is entirely export-orientated, were to come on stream too early it would, at the very least, have a depressive effect on prices. As the Brazilian company is already the world's leading iron ore exporter, with direct sales last year totalling nearly 38m tons, it has to act carefully.

Output from its long-established mines in Minas Gerais state is to be run down, to preserve dwindling reserves—and make way for Carajas.

According to Sr Clovis Ditzel, the Brussels-based president of CVRD International, there is now no question of any further postponement. Long-term delivery contracts, of 14 to 15 years duration, for 25m tons per annum, have been signed. And the customers, led by Thyssen in West Germany and most of the major Japanese steel mills, might look elsewhere if there were further delays.



Graham Lever

The project will begin with an annual capacity of 15m tons a year and build up rapidly over the following 18 months to its full 35m-ton level. Earlier talk of expanding later to 50m tons a year is being played down.

As running costs are likely to be low by world standards, Sr Ditzel believes Carajas should be making an operating profit by its second year. However, no CVRD executive is presently prepared to answer the more critical question of when it will reach break-even point.

Much depends on the strength of the recovery underway in the western industrialised world. While the U.S. and Japanese steel industries may be picking up steam, Sr Ditzel is more concerned about the still uncertain outlook for what he says are the key price-setters for iron ore in Western Europe.

The total workforce, including sub-contractors, is now down to 5,200—expected to be its low point—compared with a peak of 27,500 in August 1982. While a considerable part of the lay-offs were a natural consequence of the construction cycle, some were undoubtedly due to the revision of the schedule.

Nonetheless, the project is still bang on its revised course. At the end of March, the computer print-outs from Sucar, the acronym for the Carajas Project Superintendancy in Rio de Janeiro, showed that overall physical execution had reached 63 per cent.

● The railway: responsible for nearly half the budget, it is the furthest ahead of all sections. Once the final span on the 1.5 mile-long bridge across the Tocantins River — the only major barrier on the entire route—is dropped into place in August, all the bridging work will be complete. The track laying gangs, meanwhile, have just crossed their half-way mark.

● The mine: based initially around the excavation of a single hill of almost solid ore and processing through three crushing and screening plants, it is a straightforward, but apparently well planned operation. Building a proper townsite and infrastructure such as the smart new airport, capable of handling commercial flights, have been recent concerns.

● The port site: designed to handle eight ore trains a day each of 160 wagons, from 1988 onwards, it is deceptively peaceful at present. Most of the onshore civil works and equipment installation are still to come.

The cost reductions CVRD is rightly proud of are partly its own doing: partly the result of initial overcaution by foreign lenders, concerned about the "Amazon factor" which has doomed several other ambitious ventures in the region; and partly an unexpected side-effect of the Brazilian economic crisis.

Based on its long experience of running a similar operation in south east Brazil, CVRD already had the management and technical skills to come up with a simple, but effective, design plan for the entire operation.

The "Amazon factor" proved, from the start, to be a red herring. Carajas, some 2,000 ft. above sea level, is an agreeable place to live and work, as far away from the green hell of schoolboy myth about the Amazon as it is possible to imagine.

Another factor keeping costs down was the intense competition among Brazil's major contractors for a slice of the work, at a time when almost all other development projects in the country were drying up.

"Carajas benefited from being in a buyer's market," said Sr Zraick. "In addition, we have a good reputation in Brazil (unlike most state companies here) for paying on time." But perhaps the greatest windfall for the dollar-earning mining company was the 30 per cent devaluation of the cruzeiro in February 1983. Subsequent mini-devaluations in line with inflation have also preserved CVRD's export competitiveness.

Floating interest rates on foreign loans did not affect Carajas as 90 per cent of its foreign borrowings were made at fixed rates. Some smart financial footwork, by borrowing in deutschmarks and yen, also helped reduce the effective interest rate CVRD is paying.

Instead of the original target of a 13 per cent return on investment, set by the World Bank, CVRD says that lower world prices for iron ore have reduced this to 10 per cent, still reasonable for a major mining project.

Hopes of additional benefit rest on the cornucopia of other minerals—gold, copper, bauxite, nickel and manganese — all located within easy distance of the Carajas rail terminal.

However, the greatest concern of the World Bank throughout the life of the project has been the Brazilian company's internal cash-generating capabilities. For its 40 per cent equity stake, CVRD was expected to put up $1.82bn, based on the original cost estimate of $4.5bn. Half this sum is to come, by 1988, from the company's own cash.

To keep it in line, the World Bank imposed unusually strict controls on any new investment by the state company outside its Carajas commitments. And it insisted that the federal government take responsibility for any cost overruns.

In mid-1982 a critical assumption on the part of the World Bank was its "reasonable expectation" that the world market would be back in equilibrium when Carajas was originally due to come on stream, in the years after 1985. A rider was that prices would not fall because of the development.

Acid test on the world market drawing nearer

The acid test of those assumptions is drawing closer. For next summer Sr Ditzel and his colleagues will have to start negotiations with CVRD's customers on the prices they will pay for those contracted 25m tons of Carajas ore, for delivery commencing a year later.

Only afterwards will it be clearer whether Brazil's enormous gamble on Carajas is going to come off.

Lombard

Search for EEC cash limits

By Samuel Brittan

IS IT POSSIBLE to impose effective cash limits, as Governments have imposed on their expenditure at home, to the EEC Budget? There is, in principle, agreement among Community finance ministers that they can and should. When they met at Rambouillet the weekend before last they formulated a draft statement—not published, but generally available in Brussels, and they have set up a high level group of experts to try to formulate detailed guidelines.

The subject is of top political importance. For the settlement of the British budgetary contributions, the reform of the Common Agricultural Policy, and budgetary cash limits are part of a three-part package on which the heads of government still hope to do a deal at the next summit on June 25.

As part of this package, the UK would agree to an increase in automatic (so-called "own resources") contributions to the Budget from the present equivalent to a 1 per cent VAT rate, to 1.4 per cent. There will also be most likely a further increase to 1.6 per cent when the Community is enlarged. Indeed UK agreement to this increase if the other elements are agreed, is a foregone conclusion on which the British Government could not now go back without charges of "bad faith." Whether an independent-minded British MP should accept the whole deal or vote against it should depend far more on his assessment of the realism of budgetary cash limits than of the exact figure of the British budgetary correction.

Far too much of the public discussion has been on the UK budgetary correction and not enough on the increased "own resources" contribution. There is a clear danger that mounting agricultural spending will force the Community to ask for higher and higher VAT; and that as quid pro quo for continuing the Budget correction the UK will agree, as the German Government usually does.

As CAP expenditure depends on member government contributions, and as the real cost of the CAP to Britain is about twice its budgetary contribution (and the non-budgetary costs are also paid by consumers in other members) I would have liked an absolute veto on any increase above 1 per cent in VAT contributions, even at the expense of foregoing a deal on the British rebate. But this pass has now been sold and everything depends on the success of the finance ministers' proposed guidelines.

The finance ministers' draft lays down that agricultural expenditure on a three-yearly basis will increase less than an index related to Community national income. Unfortunately most CAP expenditure is, in the public expenditure jargon, "demand determined." That is, once the price regime has been fixed, the Community is legally bound to buy up surpluses and enforce it in all other agreed ways.

If there are any teeth in the proposals it is in the recommendation that the Commission's annual CAP proposals should observe the above limitations and that if the agricultural ministers look like taking more expensive decisions, the final decision would have to be taken by finance and agriculture ministers meeting jointly. This leaves far too much to the relative weight of the two sorts of ministers in their own cabinets.

The "realists" in Brussels say the sheer dislike of most governments, not merely the British, for the soaring EEC Budget will strengthen the finance ministers. They also cite the Commission's request for a 2.3bn ECU loan from governments this year (part of which will be granted) as proof that a VAT ceiling will not strangle CAP expenditure. Nevertheless, an unpopular loan request is a much more difficult hurdle than the automatic handing over of VAT proceeds.

But what worries me most is that the "realists" take it for granted that quotas, along the lines of those introduced for milk (or for that matter in force in steel), will be the main weapon limiting spending. Quotas are to any liberal economist the unacceptable face of managed capitalism, and a cure which depends on them is worse than the disease.

Letters to the Editor

The scrutiny of taxation

From the Director-General, General Council of British Shipping

Sir,—Your leader (May 11) on the scrutiny of taxation was, if I may say so, apt and timely. The shipping industry is one of many which has reason to feel aggrieved at the consideration it is getting through our antiquated procedures for examining Finance Bills.

It was decided between the Government and the Opposition that clause 57 and schedule 12 of the current Bill, covering capital allowances would, as one of the most important changes in this year's Bill, be taken on the floor of the House. The result was even less satisfactory than if the clause had been taken "upstairs" in committee. It and the schedule were debated in a very thinly attended House from 10.45 pm to 12 pm on May 1. Important amendments which had been put on the order paper were ruled out of order. The effect of this, for the shipping industry, is that the whole system of 100 per cent capital allowances, coupled with "free" depreciation which we had enjoyed for the last 19 years and which the Finance Bill puts to an end, were never examined in depth by the nation's legislators. Admittedly the matter can come up again at report stage and we can only hope that there will be a proper discussion then. But inevitably proceedings at report—before the whole House—are pretty rushed. And following the Parliament Act of 1911 the House of Lords, which has proved itself so effective in examining the technicalities of Bills, is precluded from looking at the small (and big) print of Finance Bills. So a fiscal change which will have the most serious and damaging effects on the British merchant fleet—and therefore on the nation's defence, balance of payments and maritime employment—takes place with the nation's legislators so far having spent only a few minutes on the matter!

Sir, you also refer to the Inland Revenue's admirable practice, which, as you say, has grown up in recent years, of discussing major changes to company and capital taxation in consultative documents. But what happened in the case of free depreciation? The Revenue put out its consultative document on corporation tax and capital allowances in January 1982. It contained not a word about the possible removal of free depreciation. The General Council of British Shipping in its comments on the consultative document stressed the extreme importance of the system to the shipping industry. Two years later, without any further consultation, free depreciation and 100 per cent capital allowances are removed "at a stroke."

Of course, there has to be some Budget secrecy — though fortunately the previous success of the Treasury in sheltering behind that particular cloak has been much eroded. But it seems to my industry (and I know others) to be quite wrong for such a major fiscal change which will have such far-reaching effects to be determined with the minimum of consultation with the sponsoring department (in this case Department of Transport) and none at all with the industry except after the event.

Sir, there needs to be open and informed debate about such major fiscal changes and the present Finance Bill procedure is just not good enough.

Patrick Shovelton.
30-32, St Mary Axe, EC3

Plea for Hong Kong people applauded

From Mr J. Bourlet

Sir,—May I applaud Anatole Kaletsky's plea (previously urged by Professor Peter Hall) that the people of Hong Kong be allowed to come to Britain?

While I might back even the "Monday Club" in pointing out that some immigrant groups to this country have, in part, pursued ways that cannot gain the full approval of us natives — their hosts — I believe that this cannot possibly be said of the Chinese.

For another view, why not consider the development of the largely Anglo-Chinese population of Vancouver in British Columbia? The Chinese built the trans-Canada railway faster than rival Irish workers, gained the respect of Vancouverites and have never looked back since. The resulting cultural mix is stimulating, peaceful, law abiding, able — and rich — and integrated.

One may be entitled to some doubt about whether the Hong Kong Chinese can repeat their economic miracle in the British business environment — joining trade unions, getting planning permits, paying high taxes, accepting the burdens of the common agricultural policy and VAT, etc — but at any rate those Chinese already here seem to manage.

I had the pleasure of spending a week in our "splendid and civilised colony" (the words of a Japanese commentator) last year and I am sure that if we can overcome our antipathy based as it is on totally irrelevant experience, then we are in for a pleasant surprise.

James Y. Bourlet.
Business Studies Unit,
School of Business,
Economics and Social Studies,
84, Moorgate, EC2

Liverpool's garden centre appreciated

From Mrs E. Kasket

Sir,—I was sorry that Robin Lane Fox (May 2) allowed his puritanical gardening spirit to cool his appreciation of the new Liverpool garden centre. After all, whatever its failures the show appears to be an enthusiastic explosion of energy — gardening with gnomes writ large.

I would, however, applaud (if I was not getting a little bored) his brilliant satire on the whimpering Walleys (latest, May 16) who persistently mistake, in an explosion of cheques, the more esoteric forms of middle-class culture for the substance of gardening.

(Mrs) E. Kasket.
7, Lymington Road, NW6

Wrongful use of insolvency

From Mr M. Homan

Sir,—Mr Goldman (May 14) is right in criticising the proposal in the Government's White Paper on insolvency reform for automatic disqualification of directors when a company goes into compulsory winding up. There are many reasons why companies may go into compulsory rather than voluntary winding up that have no connection with the conduct of the directors.

One of the effects of the proposals is that companies may well be placed in voluntary winding up prematurely by directors wishing to avoid the sanctions flowing from compulsory winding up.

Further proposals in the White Paper will be extremely damaging for the way in which receivership enables businesses and jobs to be saved. The White Paper recognises that receivership can be of great benefit but the proposals would destroy the receiver's constructive role.

When a receiver is appointed the company's debts are frozen. He can incur new debts to keep the business going and pay them out of the assets. The law gives him an indemnity out of the assets for this very purpose. The White Paper proposes that once the company goes into liquidation the receiver will lose this indemnity, in other words he must cease to trade.

These proposals for directors and for receivers interact in an unfortunate way. To escape sanctions directors will place companies in voluntary winding up before a receiver can be appointed, as receivership is often followed by compulsory winding up. This means that by the time the receiver is appointed the company will already be in liquidation and he will not be able to carry on the trade at all.

The White Paper's proposal of a new procedure for a court-appointed administrator is a useful addition to the means of reorganising the affairs of an insolvent company but it was never intended as a complete substitute for receivership.

Mark Homan.
Price Waterhouse,
32, London Bridge Street,
SE1.

Misunderstanding regarding the nature of Eurobonds

From Mr M. Smith

Sir,—I would like to comment on Mary Ann Sieghart's article, "A threat to London's leadership" (May 14). Throughout the debate that has been conducted recently in the financial Press there has, I believe, been a misunderstanding regarding the nature of Eurobonds. Basically, it is along the lines that all Eurobond interest is paid gross, especially in London. I find that, instructive though it is, Ms Sieghart's article does nothing to dispel this misunderstanding and, at one point, is actually misleading.

The article states that, "investors like buying Eurobonds because no tax is deducted from their interest payments." Further on: ". . . investors should declare their Eurobond income to the relevant tax authorities and then pay the appropriate tax . . . Even honest investors would rather receive their income gross and pay the tax later than have it deducted at source."

This may be accurate for interest payments made in Continental Europe, but it is inaccurate regarding interest payments made in London and, as the article refers to London's leadership, is misleading in content. The situation in London is quite simple. A paying agent appointed by the borrower receives the total amount of interest due, without deduction of any tax, at his bank in the appropriate currency, and he then makes payment of interest from that account. If coupons are presented to him in London for collection without any kind of affidavit, then the agent must deduct 30 per cent United Kingdom income tax if the payment is made in this country for Schedule D issues, and must deduct the same tax from Schedule C issues, even if the collection is made abroad from his account. Interest may be paid gross only upon the paying agent receiving either a form C from the collecting banker, or a form D, completed by a non-resident of the United Kingdom, supported by a form B from a bank in this country.

It is because this situation, which has not altered in any respect, has not been explained fully during this debate, either in the financial Press or by the lead managers themselves, that many investors, both corporate and individual, are surprised by the request for affidavits, which must reveal the identity of the investor. In my experience, some investors have been most upset to find that either their identity must be revealed or they must pay 30 per cent income tax. Clearly, many European investors are under the illusion that no tax will be deducted in London, because the interest happens to be due on a Eurobond. In fact, the only exception to the situation, as far as I'm aware, is where a United Kingdom bank is the sole beneficial owner of the Eurobond in question, and can produce a letter by way of confirmation to the paying agent, which states, inter alia, that they will be responsible for the tax.

It would be more helpful if commentators would clearly spell out what exactly is involved in the paying of Eurobond interest in London, so that investors do not have the idea that their interest will automatically be paid gross in London, and that, at the same time, their anonymity will be preserved.

M. Alex Smith.
"Greenup,"
120, Goddard Way,
Saffron Walden,
Essex.

As oil products go, some of Mobil's are fairly glamorous. In fact, when you lubricate Frank Williams' winning Grand Prix racing team, fleets of the most prestigious commercial jets, and even the space shuttle, there's a tendency to go around with your head in the clouds.

But fortunately, there's always bitumen to keep Mobil's feet firmly on the ground, whether on a country lane or the new M25 motorway.

But even then we like to keep things interesting. And that's just what Mobil has done with its newest range of advanced bitumen products.

Some, like Foamspray, provide an ideal surface dressing. Others are specially designed to cope with difficult road conditions. Accroplast, for instance, is composed of popcorn-like kernels of aggregate coated with bitumen. It drains rainwater from the driving surface to the roadbed, leaving the highway high and dry.

Which isn't bad for our most down-to-earth range of products.

For more information simply write to Room 432, Mobil Oil Company Limited, Mobil House, 54/60 Victoria Street, London SW1E 6QB. Or telephone 01-828 9777 ext: 2278

Two for the road

Mobil

HIAB
The best selling Lorry Loaders in the world
Tel: 01-955 6588
George Cohen Machinery Ltd., 25 Sunbeam Rd., London NW10
600

FINANCIAL TIMES

Monday May 21 1984

electrical, electronic and communications wire & cable... CATV and telephone products
ANIXTER.
Telephone: 01-588 1661 Telex: 291308

Terry Byland on Wall Street

Brokers under a cloud

AFTER a week which brought the $7.5bn rescue package for the eighth largest bank in the U.S. and left the Dow Jones industrial average within a hair's breadth of its 1984 low, spare a thought for the stocks of the Wall Street trading houses, which have to keep the show going no matter how foul the weather.

The financial services industry as a whole has not covered itself with glory during the great retreat. The mutual fund industry has just shamefacedly admitted that it under-performed the Standard & Poor's 500 index in the first quarter, thus repeating its lacklustre performance of the second half of last year.

The March quarter brought gloomy trading results from most of the Wall Street trading houses, with the industry apparently turning in an overall operating loss before tax. Over the six months to the end of April, while the Standard & Poor's 500 shed only 1.2 per cent, stocks in some of the biggest names on Wall Street shed anything between 12 per cent and 17 per cent.

It has not all been a disaster, though, Quick Reilly, benefiting from banking links and from the revival of interest in discount broking, has consistently outperformed. First Boston and Donaldson Lufkin Jenrette have also stood out against the trend of the sector, and of the rest of the market.

To a great extent, this dismal performance reflects the sector's close alignment with the stock market itself. Brokerage stocks traditionally follow the market trend, but in a grossly exaggerated fashion. True to form, there was an improvement in stock prices in April when most of the leaders outperformed a 0.9 per cent gain in the S & P500. But some of those gains in brokerage stocks have been clipped during May and nerves are tensed again.

The problems in the banking world – and few on Wall Street believe that Continental Illinois is the only difficulty around – have raised fears of forced selling of stocks or bonds on markets in no way braced for such treatment. Moreover, the dearth of retail-interest in the federal bond market has left traders financing portfolios stuffed with paper losses.

There are signs that the brokerage firms have been slow to re-adjust their own operations in the face of a colder climate. In his latest annual review of the larger, multi-line firms, Mr Perrin Long, of Lipper Analytical Services, comments that expenses are "out of control."

For the whole of last year, the latest period for which data is available, total operating expenses of the five biggest composite firms – Prudential-Bache, E. F. Hutton, Merrill Lynch, Paine Webber and Shearson/American Express, now including Lehman Bros – saw their operating expenses rise by 36 per cent to $8.6bn.

The major firms have taken some action to curb rising costs. Merrill Lynch has reduced its staff from 44,000 to 43,000 since the beginning of the year, and several others have instituted "hiring freezes." But Merrill has also held its place at the top of the list of firms opening new branch offices. In April, Merrill opened five new offices out of an industry total of 23. The industry rate of new openings in the first quarter exceeds that of 1983.

The urge to branch out suggests that the brokers are still after the retail trade, or private investor – Florida and Texas are the two states most favoured for new openings.

In fact, as is traditional in bear markets, retail trading, defined as transactions of 900 shares or less, is on the decline. In March it represented only 11.3 per cent of average daily volume on the New York stock exchange, compared with 16.3 per cent a year earlier.

The recent Lehman Bros drama has naturally raised the question of whether there will be further mergers on Wall Street if, as seems likely, the problems get worse before they get better.

On this point, there may be some cause for comfort. The Lehman acquisition by Shearson/Amex was considered generous by the market, which trades brokerage stocks at extremely ungenerous multiples of book value, in view of their strong customer bases and international strength. Merrill, for example, trades at only 1.20 times book and other perhaps less prestigious firms trade at less than book value.

If the short term outlook for brokerage shares is to be dominated by their respective merger prospects, then some stock prices are looking a little too low for the real world.

WIDESPREAD RECOVERY AMONG INDUSTRIALISED WORLD'S MANUFACTURERS

Big steelmakers return to profit

BY IAN RODGER IN LONDON

A FEW of the industrialised world's big steelmakers are already back in profit and many more will get out of the red in the next few months.

This week, for example, the big five Japanese companies, Nippon Steel, Nippon Kokan, Kawasaki Steel, Sumitomo Metal and Kobe Steel, publish their 1983-84 results, and all are expected to report a return to profits in the second half of 1983-84 after losses in the first half.

Most of the major U.S. producers will be back in profit in the current quarter, and even a few European companies, such as Hoogovens of Holland and Hoesch of West Germany, are again making profits on their steel operations.

Some of the most impressive results come from the relatively small, private sector producers, such as BHP in Australia, Stelco in Canada and Elkem in Norway. Elkem's recovery rests mainly on its aluminium and ferro alloy businesses, but its steel operations in Britain and Norway returned to profit last year after three years of losses. Svengst Stal of Sweden is the exception that proves the rule that government supported companies cannot succeed in this industry.

The keys to the widespread recovery are significant cuts in excess and obsolete capacity and improvements in demand and prices.

The U.S. has led in all these trends. Steel consumption rose about 10 per cent in 1983 and analysts expect it to grow even more strongly this year as the general economic recovery spreads to the capital goods sector. Mr Bob Hageman, an analyst with the New York stockbroker, Kidder, Peabody, says lead times on flat products have doubled to 12 weeks in the past six months.

U.S. list prices have not moved much, but discounts have been narrowing in recent months from the 25 per cent range available last year on some products, helped by the U.S. Government's moves to stem imports.

Meanwhile, it is thought that about 30m tonnes of capacity, 20 per cent of the total, has been taken out by U.S. producers since 1979 or is in the process of being closed, helping companies to improve their operating rates.

In Europe and Japan, steel consumption was still declining last year and producers have been slow to close redundant steelworks. Mr Tony Bird, a London steel analyst, forecasts an impressive 15 per cent pickup in consumption in Japan this year, which should be enough to see that country's producers comfortably back into profit. But he forecasts only a 3.8 per cent rise in the EEC countries.

By last June, EEC capacity had been cut by only 18m tonnes or 11 per cent since 1980. Some governments are now saying it will be impossible to eliminate subsidies to their producers by the end of next year, as ordered by the European Commission.

The slight improvement in EEC steel prices this year has occurred mainly because the Commission has imposed minimum levels. But prices are still lower than in the U.S. and Japan, so only those producers which have modern equipment and high operating rates are likely to be able to make profits.

Analysts doubt that profitability will reach a high enough level in the current cycle to restore the industrialised countries' steel industries to long-term viability.

"The profits are nice, but they are nothing like enough," Mr Bird says. "I don't think the industry will be in a viable state until the end of the decade."

Mr John Jacobson of Chase Econometrics agrees. "Overcapacity is still with us. Many countries have made important first steps, but that's all. The question is whether we will get to the point where the companies feel investments in steel are more attractive than in other businesses. I don't think so."

Brazil's Carajas gamble, Page 19

Company	Country	Latest Profit (Loss) $m	Period	Year Earlier $m
BHP (steel div)	Australia	34.3	1983 6mo¹	(57.9)
BSC	Britain	(129.6)²	1983-4 yr	(261.3)
Dofasco	Canada	31.8	1984 1st ¼	12.6
Stelco	Canada	5.9	1984 1st ¼	(11.3)
Sacilor	France	(1,180.0)	1983 yr	(944.5)
Usinor	France	(825.7)	1983 yr	(578.5)
Hoogovens	Holland	(12.3)	1983 yr	(34.3)
Nuova Italsider	Italy	(748.4)	1983 yr	(689.5)
Elkem	Norway	16.5	1984 1st ¼	(4.5)
Svengst Stal	Sweden	37.1	1983 yr	6.2
Bethlehem	U.S.A.	(54.8)	1984 1st ¼	(22.5)
Inland Steel	U.S.A.	2.0	1984 1st ¼	(19.9)
LTV	U.S.A.	(29.0)	1984 1st ¼	(77.2)
National	U.S.A.	7.6	1984 1st ¼	(35.4)
Republic	U.S.A.	(36.7)	1984 1st ¼	(34.8)
U.S. Steel	U.S.A.	171.0	1984 1st ¼	(118.0)
Hoesch	W.Germany	10.9	1983 yr	7.6
Klöckner	W.Germany	(88.8)	1983 yr³	(48.9)
Thyssen	W.Germany	(198.4)	1983 yr³	(23.5)

¹ to Nov. 30, 1983 ² estimate ³ to Sept. 30, 1983 — FT sources

Continental Illinois crisis 'contained'

BY PAUL TAYLOR AND WILLIAM HALL IN NEW YORK

U.S. FINANCIAL markets, stunned last week by the run on Continental Illinois, America's eighth largest bank, are hopeful that the crisis, if not passed, has for the moment been contained.

Although sentiment remains extremely sensitive, there are indications that a measure of confidence is returning, especially in the money markets.

At the end of last week spreads between Treasury bill rates and banks' certificates of deposit were narrowing.

The Federal Open Market Committee, the policy making arm of the Federal Reserve Board, will hold a regular meeting tomorrow. Although its decisions normally remain secret for a month Wall Street analysts are pointing out that the Fed faces a difficult conflict between its roles of lender of last resort on the one hand and of manager of the U.S. monetary policy.

Dr Henry Kaufman, Salomon Brothers' chief economist, says in his latest credit market report: "The Federal Reserve performed its most important role during the past week: It was the lender of last resort alleviating the stringencies and rising preference for liquidity caused by the problems of Continental Illinois bank."

He added that the speed with which banking markets returned to normalcy would greatly influence the timing of any further moves in monetary policy.

Wall Street's senior economists remain deeply split over how to interpret the U.S. economy and Fed policy in general, but on one point they are nearly unanimous. Following the sharp rise in U.S. short-term interest rates in recent weeks and the domestic banking crisis, they believe the Fed's already slim room for manoeuvre has been seriously reduced.

Meanwhile First Chicago, the city's second largest banking group after Continental, described as "premature" widespread speculation that it planned to bid for its troubled rival, though it refused to deny outright that it might make a bid.

Goldman Sachs, the New York investment bank, has been approaching many of the largest international banking groups on Continental's behalf since its chairman, Mr David Taylor, said it was exploring merger possibilities.

Mr Barry Sullivan, First Chicago's chairman, said at the weekend: "We are not presently preparing a bid. Any final decision to do so would have to await further study." A merger of the two big Chicago banks would create an institution with assets of more than $80bn, which would be the third largest in the U.S. and among the dozen biggest banks in the world.

One European banker described Continental Illinois as "a real hot potato" for any prospective bidder, adding that a merger with it could "take a triple A down to a single A" in its impact on the acquiring bank's credit rating.

Fed strategy, Page 22

Spain ready to ease truck industry tariffs

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

THE SPANISH Government is considering the swift introduction of fundamental changes to the local content regulations and tariff barriers with which it protects its national commercial vehicle industry.

Among the proposed changes would be the removal of all duty on components from EEC countries. At present exporters of components to Spain from the EEC face tariffs of about 18 per cent while products going in the reverse direction pay only 4 per cent.

This has frequently raised criticism from EEC producers, most recently from the Confederation of British Industry the employers' organisation which last month started a major initiative for the reduction of the Spanish tariffs.

The Spanish Government also proposes to reduce to 18 per cent the tariff on components from territories outside the EEC – which would be of benefit to Nissan, which owns Motor Iberica in Spain. British Leyland's associate, Land Rover Santana, also shortly begins production of a four-wheel-drive vehicle based on a Suzuki design and in the future Mitsubishi might supply petrol engines from Japan for Daimler-Benz's Spanish commercial vehicle subsidiary.

As for local content, currently producers in Spain – which also includes Renault and the state-owned Spanish group Snasa – have to incorporate 85 per cent to 90 per cent Spanish content in vehicles approved for production. They also have to meet individually-agreed export quotas.

The Spanish Government now proposes that the local content be reduced to 70 per cent to 80 per cent and that the manufacturers be permitted to introduce other models with a Spanish content of only 40 per cent to 50 per cent as long as the average for an entire range is between 50 per cent and 60 per cent.

Export rules would also be changed so that manufacturers would have to export products worth 120 to 125 per cent of the value of their component imports.

The manufacturers have been told that the Spanish Government would prefer to make the changes as early as June so that it would have ammunition for the talks about Spain's entry to the Common Market.

While the changes would appear to help the manufacturers, the implications for the Spanish components sector are serious.

There would almost certainly have to be a painful process of plant closures and job losses which would need the special dispensation of the Spanish Government as it is otherwise very difficult to make anyone redundant in Spain.

Changing UK car market, Page 12

Swiss reject bank secrecy reform

BY ANTHONY McDERMOTT IN BERNE

SWISS VOTERS yesterday rejected by an unexpectedly large majority a referendum proposal calling for the reform of the contry's bank secrecy law.

The proposal, initiated by the Social Democratic Party in 1979, was rejected by all 26 cantons by a majority of 73 per cent.

The outcome of the vote was welcomed with relief by bankers, fearful that a change in the secrecy law might prompt large outflows of capital.

During the referendum campaign supporters of an end to secrecy said that because of the law the Swiss banking system was opened to tax fraud and evasion, to the inflow of "dirty money" from disreputable clients, including some Third World leaders and those in exile.

The constitutional change foreseen in the referendum would have obliged banks to give information about accounts to Swiss or foreign authorities investigating tax evasion or currency offences. Swiss banks at present open their books only to investigations of offences that are crimes under Swiss law.

The bankers' victory may not be the end of the debate, however. Although the banks have made voluntary arrangements to protect small depositors, to identify clients more closely and to avoid actively assisting tax evasion or breaches of foreign exchange controls, the pressure for tighter regulations is likely to continue.

In a second referendum vote, a proposal to make it much more difficult for foreigners to buy Swiss property was also rejected, but the vote was much closer – 51 per cent to 49 per cent.

Cantons in mountain areas and in the west, where there are many tourist visitors, voted conspicuously in favour of the restriction, but the vote for rejection was undoubtedly influenced by the fact that demand for such property has already fallen

Channel tunnel group will attack bank study

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT, IN LONDON

THE REPORT by the five British and French banks of the financing of a Channel tunnel, to be published tomorrow in London and Paris, will be attacked immediately by the partners in the Euroroute consortium, which was set up by Mr Ian MacGregor when he was chairman of the British Steel Corporation.

Despite extensive lobbying of ministers and banks by Mr MacGregor for his bridge/tunnel proposal, the report dismisses this and other proposed fixed links on the grounds that the technical risk and magnitude of financial commitment would be beyond the acceptability of the financial markets.

Euroroute executives will say the data on passenger flows and future revenue which the banks used is based on outdated information. They will also criticise the fact that the study has been done by retail banks, rather than merchant banks which have more experience of long-term contract financing.

The 500 page report, which costs £125 ($173) a copy, concentrates on how a twin seven-metre tunnel, carrying rail and roll on/roll off shuttle traffic might be financed.

It describes this project – costing £2bn for basic construction rising to £6.3bn by 1993, its opening year – as the only proposal which is potentially both technically acceptable and financially viable.

The financing requirement for even this proposal is described as "formidable". The report – the product of two years' study by the five banks – proposes two different structures

The first would require all funds to be committed and all governmental undertakings to be secured prior to the start of construction.

The second structure proposes a more familiar type of financing, requiring a progressive commitment of funds but implying a considerable degree of risk in the first two years of construction.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	16	61	Dubrovnik	S	30	86	Malaga	C	18	64	Salzburg	F	23	73
Akrotiri	S	29	84	Faro	C	17	63	Malta	F	27	81	Seoul	C	28	82
Algiers	S	18	66	Florence	S	25	77	Manila	–	–	–	Singapore	C	31	88
Amsterdam	C	12	54	Frankfurt	F	18	68	Miami	–	–	–	Stockholm	S	20	68
Athens	S	24	75	Funchal	C	19	66	Milan	C	11	52	Strasbourg	F	17	63
Bahrain	C	36	97	Geneva	C	11	52	Moscow	F	25	77	Sydney	R	21	70
Bangkok	C	35	95	Gibraltar	C	16	61	Munich	F	15	59	Taipei	R	28	82
Barcelona	F	16	64	Guernsey	F	13	55	Nairobi	F	26	79	Tangier	–	–	–
Beirut	S	24	75	Helsinki	S	21	70	Naples	C	30	86	Tehran	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28	82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21	70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21	79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24	75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21	70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21	70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23	73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24	75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22	72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11	52

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

THE LEX COLUMN

A bank raid in Chicago

The Federal Reserve appeared by the end of last week to have restored the affairs of Continental Illinois to a semblance of order. The odds must now be against the bank's survival as an independent institution, but at least the lender of last resort in the world's largest financial marketplace has made an effective display of its commitment and clout.

For U.S. bank supervisors, and indeed for the commercial banks themselves, that is small consolation. If Continental's published figures are to be believed – and after all, with the regulatory attention which the bank has received over the past two years it would be astonishing if they could not – last week's debacle was wholly unnecessary. The bank is adequately capitalised and by all accounts had been taking appropriate action to correct the errors of earlier years.

That a public vote of confidence by the Comptroller of the Currency and a $4.6bn credit line failed to rebuild confidence is striking enough. That the Fed was unable to reassure even those banks within its jurisdiction must be giving rise to soul-searching in Washington. In effect, the schoolmaster has kept order in the class only by wading into the fray himself.

Creditworthiness

On the face of it, the timing of this latest crisis of confidence is extremely curious. The financial markets are admittedly concerned by the threat of a steep rise in short-term U.S. interest rates with all the implications that would have for the creditworthiness of sovereign debtors. Yet the climate does not look as turbulent as in 1982, when bank balance sheets were under simultaneous assault from bad debt experience in the domestic energy industry, the U.S. manufacturing sector and the heavily indebted countries of South America.

Moreover, the relative calm of 1983, had enabled the banking industry quietly to rebuild its capital base. U.S. banks raised a record $9.9bn of new long-term capital, two thirds of it in the shape of term debt, and entered 1984 with capital ratios which looked perfectly respectable by international standards. The low-coupon fixed rate loans with which many were burdened a few years earlier had been run off the books and it appeared that the lessons of 1974 and 1982 had been learned in the boardrooms.

Yet, if that is the message which the banks themselves were putting across, it was being greeted with some scepticism in the financial markets. Even before last week's developments, banks share were trading at near record discounts to book value. At the end of last week, Chase Manhattan and Manufacturers Hanover were valued on Wall Street at half their published net worth. Even the blue-chip Morgan Guaranty was suffering the ignominy of a 10 per cent discount. The rating agencies evidently concur with Wall Street. Bank credit ratings are on average lower than they have ever been.

Part of the problem is that the lessons of 1982 have been learned as fast elsewhere as they have within the banks themselves. Both shareholders and depositors monitor the progress of banks much more closely and discriminate to a far greater extent between one bank and another. This discrimination is inimical to the smooth working of wholesale money markets, which account for a growing proportion of bank funding requirements. Almost by definition, these markets cannot discriminate between credit risks. The upshot is that a U.S. bank, instead of having to pay a premium for its funds, may find that it simply cannot borrow at all. That, in a nutshell, was Continental's predicament.

The nervousness of wholesale depositors has been greatly exacerbated by the perceived illiquidity of bank loan assets. Successive debt rescheduling operations have lengthened the average maturity of loan books – at a time when banks have struggled to attract matching term liabilities – and have also made it less likely that these assets can be realised. While capital ratios may look fine on the surface, there are obviously doubts about the quality of the assets which underpin them.

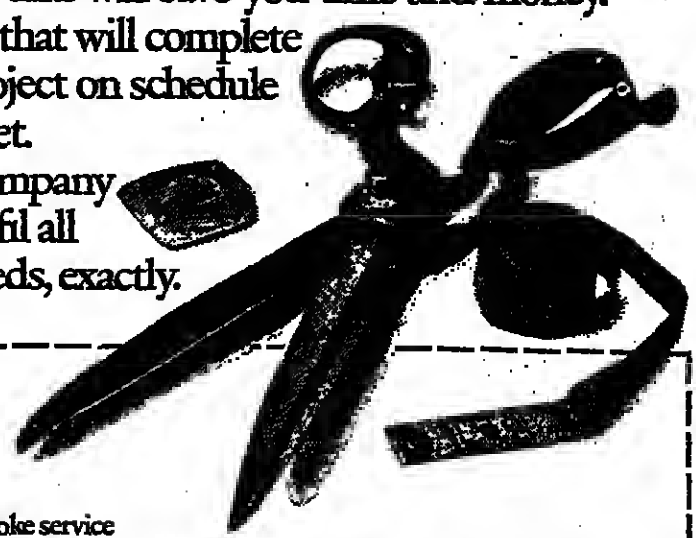
Confidence

It is not at all easy to see how the banks themselves can restore confidence. At current prices, the equity market is effectively closed to them and debt capital, even if available, comes very expensive. Meanwhile, to retain earnings by cutting dividends would in the present climate be counterproductive. Balance sheet shrinkage – the course which was being taken by Continental – carries its own penalties since in general only high-quality loans can be sold and commensurate cost reduction is difficult to achieve without weakening a bank's overall structure.

A smooth takeover of Continental would certainly help. The acquisition of Seafirst Corporation by Bank of America last year provides a model for this kind of operation, even if the headaches which the deal brought the purchaser may not act as much of an incentive to be bold. Yet at least Seafirst is now safely stowed away and, for all the storm-clouds which have gathered recently over the U.S. banking industry, there are one or two chinks of light. First Pennsylvania Corporation, the bank which had to be bailed out in May 1980, has just reported its first worthwhile quarterly profit since the rescue.

Tailor-made solutions, to suit your building needs. Exactly.

For building of any kind, contact Conder.
A unique company that will assess your business needs, exactly.
A company not hide-bound to any one building method, system or form of contract.
A company that will save you time and money.
A company that will complete your building project on schedule and within budget.
A unique company in business to fulfil all your building needs, exactly.



1981
For full details of our bespoke service please write or telephone John West at Conder Projects for a copy of our new brochure.
Name ______ Title ______
Company ______
Address ______
______ Tel: ______ FT3
Conder Projects, Winchester, Hants. SO23 7SJ. Telephone: (0962) 882222.
CONDER PROJECTS
Your building needs. Exactly.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, R.A.F. McClean, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday May 21 1984

New bond issue activity dwindles to a trickle

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

IT MIGHT have been raining in Nice last week but investment bankers who went there for the annual meeting of the Association of International Bond Dealers were probably glad to have escaped another depressing week in the bond market.

Over the week fixed rate dollar issues fell by ¾ points amid continuing worries over U.S. interest rates. By the end of the week new grounds for uncertainty had surfaced with the $7.5bn rescue package for Continental Illinois.

It will probably take a few days before the Eurobond market can fully digest latest developments on the other side of the Atlantic. With so many participants away from their desks, trading last week was thin and new issue activity dwindled to a trickle.

On the surface the problems at Continental Illinois might be expected to lead to lower interest rates as the Federal Reserve pumps money into the system to ensure banking liquidity. Very short-term rates were sharply lower last week but this does not appear to have filtered through to the longer end of the bond markets, where anxiety about future inflation persists.

One small ray of hope in Europe, however, was the hint of some retail buying from Switzerland at the higher yields prevailing towards the end of the week. Bank issues were marked down on the Continental Illinois problems, but in Friday's thin market closing prices were hardly representative of a real trend.

Indeed, the yen sector was the only part of the bond markets which saw any semblance of normal activity last week. Two Samurai bonds were launched – for United Technologies and Gaz de France – as well as a Euroyen bond for New Zealand. The yen has weakened sharply in recent weeks and Japanese bankers say there is some buying demand from foreign investors keen to cash in on the cheapness of the currency.

BHF Bank bond average		
May 18		Previous
98.989		99.053
High	1983-84	Low
100.000		98.056

This may have helped the Euroyen issue somewhat but, despite Japan's strong economic fundamentals, there is no getting away from the fact that its own domestic bond market is seriously caught up in the general malaise emanating from New York. Last week it suffered further from fears that escalation of the Gulf war could affect Japan's oil supplies, and Samurai bond prices which are heavily influenced by events in the domestic market slipped by 1½ to 2 points.

D-Mark and Swiss franc issues both closed lower last week. The Bundesbank made no use of its council meeting on Thursday to raise interest rates, but bankers say there is still a possibility this might happen at the end of the month.

Denmark launches awaited $1bn standby credit today

BY OUR EUROMARKETS CORRESPONDENT

DENMARK today launches its long-awaited $1bn standby credit which was quietly mandated at the end of last week to Manufacturers Hanover.

At first sight the terms on the 10-year credit, which is designed to replace a large part of Denmark's existing stock of undrawn loans, are enough to make the market gasp. Denmark will pay a facility fee to participating banks of only 0.05 per cent each year, which is both way below market expectations and sharply down on the commitment fees for existing Danish credits which range from ⅛ per cent to ¼ per cent.

But the credit has been carefully structured to penalise Denmark heavily if it is ever drawn. This is done in three ways. First, the facility fee is payable whether the credit is drawn or not which increases the cost of actually drawing it. Second, Denmark must try to sell short-term Euronotes in the market before drawing on the credit itself, and third, the margins on the credit, if drawn, are higher than Denmark would expect normally to pay.

Drawings on the standby will bear interest at ⅛ per cent over London Eurodollar rates if up to $250m is used. For larger amounts the margin will rise to ¼ per cent. As if that was not discouragement enough, Denmark would first have to go through the complex process of trying to sell the Euronotes in the market at a minimum yield to banks of 0.1 per cent over Eurodollars.

The chances are, therefore, that Denmark will never actually draw on the facility. That should mean that banks feel they can afford to participate at such a low facility fee. Denmark, meanwhile, has bought protection against the vagaries of the market. In no longer needs to worry about keeping a stock of undrawn credit to meet unexpected borrowing needs and can go for cash loans or floating rate notes at the lowest possible cost in whichever market suits it best.

Manufacturers Hanover describes the deal as a "Revolving Standby and Eurodollar Note Issuance Facility." That high-falutin name is in itself testimony to the growing technical complexity of a bank credit market in which plain-vanilla Eurocredits rapidly seem to be becoming obsolete. Certainly, Denmark will have less use for the Eurocredit market from now on. It used to like the credit market because it could arrange loans and then wait for long periods before drawing them. This allowed it to create a stock of undrawn loans. With this credit in the bag, it will, however, be able to meet its cash needs in cheaper markets such as that for floating rate notes.

Elsewhere, a $400m credit for Electricité de France was so widely talked about in the Eurocredit market that Credit Lyonnais, which has a close relationship with the borrower, was forced to deny rumours it had already won the mandate. There is little doubt that French state entities are looking closely at borrowing opportunities.

But the time does not seem quite right for any major deal. Last week's Senate committee report which drew attention to France's large borrowing needs has to recede into the background first.

UK GOVERNMENT SECURITIES

Investor strike may result in more generous yields

BY MAGGIE URRY IN LONDON

"THE most disturbing thing about this year is that it's shaping up like last year," is the way one gilt-edged analyst expresses current fears about the market. This time last year, the UK government bond market was suffering a rise in yields made necessary to fund the growing public sector borrowing requirement (PSBR), and to keep money supply under control. The July spending cuts package was another result of the Government's pre-election spending spree. The worry now is that the same process may be happening again.

For some time the UK bond market has been following U.S. trends less slavishly, with yields on long-dated bonds in the two markets diverging. But in the last month it has become clear that "decoupling" British from U.S. interest rates is not so easy, and the rise in U.S. rates was blamed when the UK clearing banks lifted their base rates two weeks ago.

Since then domestic problems have crowded in and many economists are looking for another small rise in base rates next month. Last week's economic statistics – from the PSBR figures for April, through money supply, to inflation – were all bad news. They came on top of a worsening U.S. outlook.

The effect on the gilt market is reflected in the fate of the Government Broker's latest offering. He issued a convertible stock – Treasury 9½ per cent 1989 which can be switched into a 9½ per cent 2005 stock – a week before the base rate rise, just as the market was beginning to expect that increase. So the tap stock had an unsuccessful launch, and soon drifted down from its £50-paid price.

Last week, a flurry of optimism encouraged the Government Broker to reactivate his tap by cutting its price to £47⅝. But the PSBR figures the next day, showing £2.4bn for April alone, put paid to that rally and left the tap below his last selling price once again.

The Government Broker now appears to be in a dilemma. Selling more gilts would help the Treasury to fund the PSBR and make the money supply figures look better. But who wants to buy gilts when those figures are looking so bad? The solution looks like being the same this year as it was last – a rise in yields, caused by aggressive funding.

In the May banking month, which ended last Wednesday, the Government Broker may only have sold £500m of gilts. That in turn is pushing up estimates of sterling M3 growth in May towards 2 per cent.

By the time those figures are announced in early June, an absence of gilt buyers will be hitting the June money figures too. The vicious circle will be well and truly established.

The Government Broker's job is by no means easy – to break out of that circle and to sell stock. The institutions are not short of cash, and this week sees gilt dividend payments of around £800m plus the redemption of Exchequer 14 per cent 1984, which could put a further £500m into the market. The problem is tempting the institutions.

It will take something dramatic to do that. The most acceptable type of issue would be a conventional long-dated stock. But the long end of the market has been kept relatively free of government issues in a (so far vain) attempt to encourage corporate borrowers.

That leaves the authorities the medium-dates as their most obvious choice for a new issue, though they will have to be willing to pay enough to persuade institutions to buy the paper.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Royal Co. $‡	40	1999	15	3	100	Nippon Kangyo Kakumaru, Robt. Fleming	3.000
Kone Corpn. †‡	50	1994	10	¼	100	Kansallis Osake Pankki	–
Isaac §	50	1999	15	3	100	Nikko Europe, Robt. Fleming, Mitsubishi Fin.	*
D MARKS							
World Bank **‡	150	1989	5	8	–	West LB	–
SWISS FRANCS							
Royal Co. **§‡	30	1989	–	1¾	100	SBC	1.750
Iseki & Co. **§‡	70	1989	–	1⅞	100	UBS	1.875
Morita Fire Pump **§‡	20	1989	–	1⅞	100	Swiss Volksbank	1.875
Mac Inomi **§‡	25	1989	–	1⅞	100	SBC	1.875
Prov. of Manitoba ‡	100	1994	–	5¾	99½	UBS	5.817
Consolidated Foods ‡	200	1994	–	5¾	99½	UBS	5.817
Meathat Co. **‡	15	1989	–	5⅞	100	Banca del Gottardo	5.875
Statsforetag ‡	75	1992	6½	6	99½	Nordfinanz-Bank Zurich	6.081
SWISS FRANCS							
Shin-Etsu Chemical **§	30	1989	–	2	100	UBS	*
GUILDERS							
Jutland Tel. Co.	50	1994	8	8¼	*	Amro Bank	*
ECUs							
SNCF ‡	45	1994	10	11½	99½	BNP, BBL, Paribas	11.587
YEN							
United Technols. ‡	15bn	1989	5	7	98.6	Daiwa Secs.	7.222
ANAS **‡	10bn	1994	8	7.9	99.7	Yamaichi Secs.	8.102
Belgium **‡	10bn	1994	9	7.9	100	Nomura Secs.	8.056
Gaz de France ‡	20bn	1994	9	7.4	99.5	Nikko Secs.	7.611
New Zealand	15bn	1990	6	7⅛	*	Daiwa Secs.	*

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. Note: Yields are calculated on AIBD basis.

This announcement appears as a matter of record only.

May, 1984

CANADIAN IMPERIAL BANK OF COMMERCE

Can. $ 60,000,000

12¾% Debentures due May 15, 1989

CIBC Limited

Hambros Bank Limited
Amro International Limited
Banque Bruxelles Lambert S.A.
Banque Internationale à Luxembourg S.A.
Commerzbank Aktiengesellschaft
Continental Illinois Capital Markets Group
Credit Suisse First Boston Limited
Dominion Securities Ames Limited
Enskilda Securities
IBJ International Limited
Kredietbank International Group
Merrill Lynch Capital Markets
Samuel Montagu & Co. Limited
Orion Royal Bank Limited
Société Générale
Swiss Bank Corporation International Limited
S.G. Warburg & Co. Ltd.
Westdeutsche Landesbank Girozentrale

Wood Gundy Limited

Al-Mal Group
Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banca Unione di Credito
Bank Leu International Ltd.
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Banque Paribas Belgique S.A.
Barclays Bank Group
Bayerische Vereinsbank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Burns Fry Limited
Chase Manhattan Capital Markets Group Chase Manhattan Limited
Credit Industriel d'Alsace et de Lorraine Succursale de Luxembourg
Credit Lyonnais
Creditanstalt-Bankverein
Dai-Ichi Kangyo International Limited
Daiwa Europe Limited
DG BANK Deutsche Genossenschaftsbank
Effectenbank-Warburg Aktiengesellschaft
Fuji International Finance Limited
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Kuwait Investment Company (S.A.K.)
Lloyds Bank International Limited
LTCB International Limited
McLeod Young Weir International Limited
Midland Doherty Limited
Mitsubishi Finance International Limited
Mitsui Finance International Limited
Morgan Grenfell & Co. Limited
Nesbitt Thomson Ltd.
New Japan Securities Europe Limited
The Nikko Securities Co., (Europe) Ltd.
Nomura International Limited
Norddeutsche Landesbank Girozentrale
Pierson, Heldring & Pierson N.V.
Pitfield Mackay Ross Limited
Richardson Greenshields of Canada (U.K.) Limited
Salomon Brothers International Limited
Soditic (Jersey) Limited
SwedBank
Toronto Dominion International Limited
Vereins- und Westbank Aktiengesellschaft
Yamaichi International (Europe) Limited

CHANGE OF ADDRESS

European Banking Company Limited

Notice is hereby given to the holders of the securities listed below for which European Banking Company Limited acts a Fiscal, Paying or Conversion Agent that from 29th May, 1984 the specified office of European Banking Company Limited for the purposes of each of the issues listed will be:-

10 Devonshire Square, London EC2M 4HS
Telephone: 01-621 0101. Telex: 8811001

Arbed S.A.
US$15,000,000
Floating Rate Serial Notes 1988

Arbed S.A.
US$15,000,000
16¾% Serial Bonds 1988

Banco Central de Costa Rica
US$50,000,000
Floating Rate Notes 1985

Banco Nacional do Desenvolvimento Economico
US$50,000,000
Floating Rate Notes 1989

Bank Bumiputra Malaysia Berhad
US$30,000,000
Floating Rate Notes 1984

Bank Handlowy w Warszawie
US$30,000,000
Floating Rate Notes 1988

Bayerische Vereinsbank Overseas Finance N.V.
US$75,000,000
13¼% Bonds due 1989

BfG Finance Company B.V.
US$100,000,000
Floating Rate Notes 1989
Extendible at the Noteholders option to 1994

Blue Ridge Petroleum Corporation N.V.
US$20,000,000
4% Guaranteed Convertible Notes due 15th July 1986

Charterhouse Japhet International Finance B.V.
US$10,000,000
Guaranteed Floating Rate Notes 1985

Commercial Bank of Kuwait SAK
US$40,000,000
Floating Rate Certificates of Deposit due 1985

Creditanstalt-Bankverein
US$40,000,000
Floating Rate Notes 1984

Creditanstalt-Bankverein
US$80,000,000
Floating Rate Notes 1991
Extendible at the Noteholders option to 1997

Creditanstalt-Bankverein
US$75,000,000
15½% Bonds due 1990

Dow Chemical Overseas Capital N.V.
US$120,000,000
8% Guaranteed Notes due 1986

Dow Chemical Overseas Capital N.V.
US$200,000,000
9⅝% Guaranteed Bonds due 1994

EBCO Finance B.V.
US$15,000,000
Guaranteed Floating Rate Notes 1988

EBCO International B.V.
ECU 40,000,000
11½% Guaranteed Notes due 1989

Empresa Nacional del Petroleum S.A.
US$25,000,000
Floating Rate Notes due 1986

Ennia N.V.
US$25,000,000
7¼% Convertible Subordinated Debentures due 1988/1992

European Coal and Steel Community
US$30,000,000
14¾% Notes due 1987

European Economic Community
US$200,000,000
11½% Bearer Bonds of 1995

GTE Finance N.V.
US$50,000,000
Convertible Floating Rate Notes due 1987

GTE Finance N.V.
US$50,000,000
10% Bonds due 1992

Industriebank International
US$25,000,000
Floating Rate Certificates of Deposit due February and March 1985

ITT Antilles N.V.
US$75,000,000
9½% Guaranteed Bonds due 1989

Oesterreichische Kontrollbank A.G.
US$75,000,000
Guaranteed Floating Rate Notes due 1986

Sparebanken Oslo Akershus
US$30,000,000
Floating Rate Certificates of Deposit due 1985

Standard Chartered Bank Limited
US$50,000,000
Floating Rate Capital Notes due 1984

Standard Chartered Bank Limited
US$100,000,000
Floating Rate Capital Notes due 1990

Any such securities required to be presented or surrendered at European Banking Company Limited should, with effect from 29th May, 1984, be lodged at the new address.

FINANCIAL TIMES SURVEY

WORLD BANKING

Part one; THE INTERNATIONAL SCENE

IF MAY is the month when everyone starts to look on the bright side, then it has come just in time for the world banking industry.

Rather suddenly, the $800bn international debt crisis seems to have stopped getting better and may actually be worsening again. U.S. interest rates are rising sharply, piling hundreds of millions of dollars extra on to debtor countries' payments. The world-economic recovery on which everyone is pinning their hopes is threatened and efforts to sort out the problems of Argentina, currently top of the sick list, are bogged down.

By David Lascelles

Banking Correspondent

Once again, the air is filled with calls for "long term solutions"—always a sign of ebbing faith in the bank-made rescue packages, held together by the frail string of hope and an IMF seal, with which the world has managed so far.

Nobody expected the way out of the crisis to be easy, and the darkening picture of the last few weeks could still be due to a passing cloud rather than the onset of night. But no one can be sure. If bankers are taking fresh stock, and if, as has recently happened, central bankers got into a huddle in New York to try and find some answers, that is not surprising; in some ways it is encouraging.

The danger now is that LDCs will be caught in a pincer of soaring debt servicing costs and falling hard currency earnings which will destroy even the best-laid economic plans. In Brazil today inflation, growth and the political mood of the country, are all deteriorating: only the balance of trade is improving, but for how long?

If its rescue programme proves untenable, it is extremely unlikely that the banks and IMF will have either the stomach, or the resources, to cobble together yet another multi-billion dollar package, and stretch repayment out even further into never-never-land. The time really will have come for "long term solutions."

Some would argue that it has already: that the IMF arrangements are doing untold damage to Third World economies by draining them of resources and piling up political pressures. These should be replaced as soon as possible by realistic schemes which recognise that LDCs will not pay off their debts this century, and insulate them better from the vagaries of world trade and foreign interest rates.

Here, at least, there is no shortage of ideas, though most lack in workability what they may boast in ingeniousness.

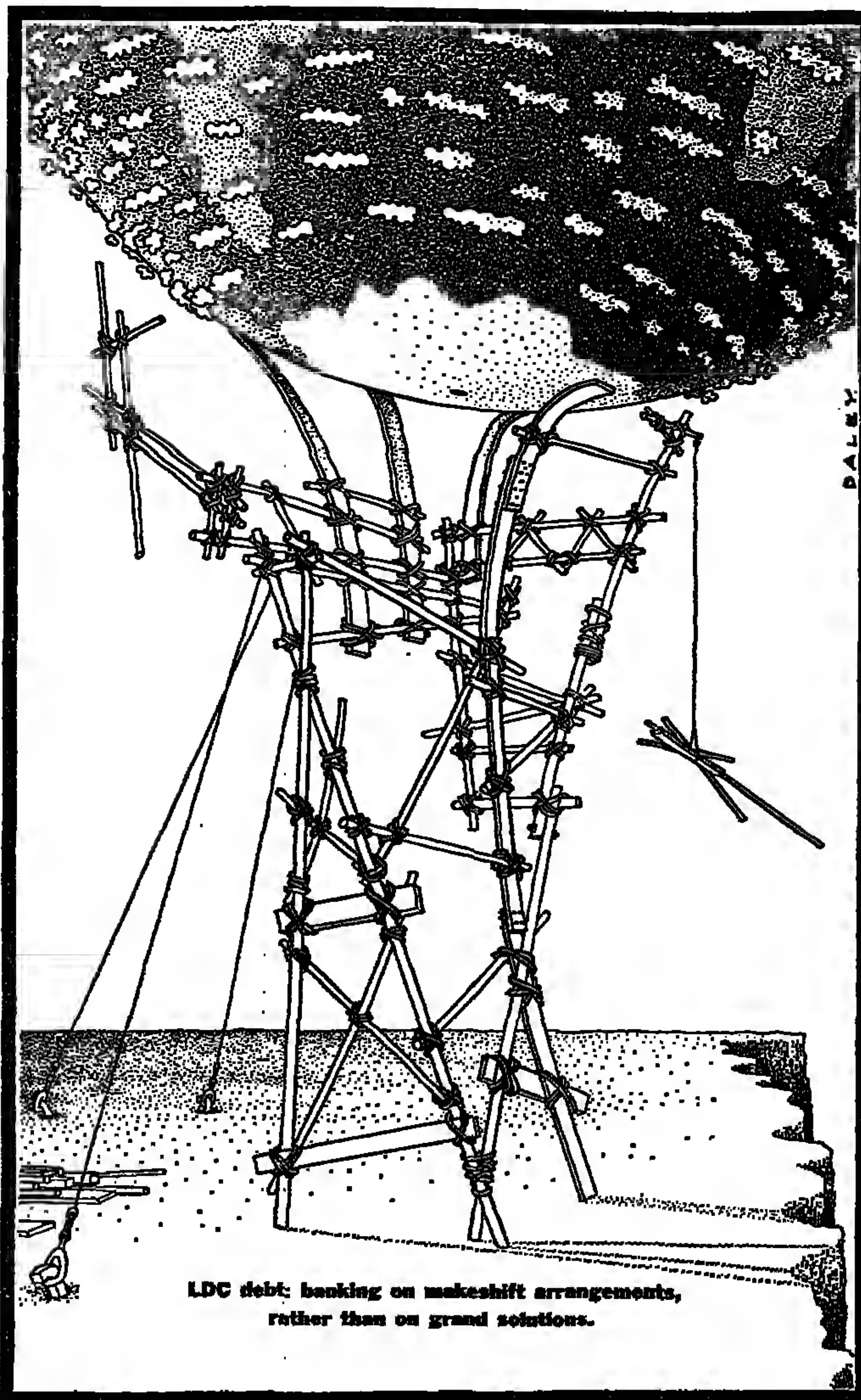
The simplest idea is that banks merely capitalise interest—treat overdue interest as a new loan. This has the virtue of taking the immediate sting out of any debtor's predicament, which counts for a lot when tension in the banking system is close to snapping point. (Ending the ritual quarterly crisis over the U.S. banks' non-performing loan problems would also help here, incidentally.)

On the other hand, it only postpones and magnifies the eventual repayment and forces any prudent bank to recognise the loan as distinctly inferior—and make costly write-offs.

Elaborate schemes have also been put forward to transform LDC bank loans into a marketable commodity, like bonds. The advantages are that banks could get the loans off their books by selling them to investors and spread the risks more widely. If the bonds carried a fixed rate of interest, as most do, the LDCs would also be protected against sharp upswings in interest rates.

But again, the objections are only too evident. Assuming they could sell them at all,

CONTINUED ON NEXT PAGE



LDC debt: banking on makeshift arrangements, rather than on grand solutions.

Despite forecasts of an upturn in the world economy, there are new calls to-day for 'long-term solutions' to the $800bn international debt crisis—a sign, perhaps, of ebbing faith in bank-made rescue packages. But a consensus on an alternative approach is still missing.

IN THIS SECTION

● The international economy:
Improvements expected to continue this year 2
Capital flows: cutback in U.S. lending abroad 2

● World debt crisis:
Rescue programmes: debtors pay a heavy price 4
Accounting: debt crisis highlights old problems 4
International Monetary Fund: calmer waters ahead 5
World Bank: aid for long-term development 5

● The markets:
Interbank markets; international powerhouse 6
Euromarkets and syndicated loans; U.S. merger mania 6
Eurobonds: a campaign to attract more investors 6
Foreign exchange: dollar mesmerises world markets 7
Gold: reasons why investors remain wary 7
Financial futures: worldwide link-ups likely 7

● Individual countries:
U.S.; major banks spearhead re-organisation 9
Canada: outsiders make the running 9
Britain: huge changes are in progress 10
West Germany: tougher laws curb optimism 10
France: modest boost for bankers' spirits 11
Italy: a call for more reforms 11
Israel: substantial losses for top four banks 11
Belgium: tax concessions give banks a boost 12
Netherlands: sector feels the worst is now over 12
Ireland: economy's problems spur expansion abroad 12

PART TWO of this Survey will appear next Tuesday, May 29, and will include the following topics:

● The business of banking: the gradual erosion of barriers between banking and other financial services in major countries around the world.

● FT writers will examine new forms of competition in retail banking and how the banks and regulators are reacting to the challenge from stockbrokers, building societies, savings banks and insurance companies.

● Writers will also look at developments in banking technology, the proliferation of credit card systems and the move towards a cashless society. Other sections will highlight developments in correspondent banking; trade and export finance; leasing; consortium banking; project finance; fund management and merchant banking.

● A major part of the survey will focus on domestic banking developments in various European countries; the Middle East; Asia and the Pacific; the Caribbean; Latin America; and Africa.

● Editorial production of this survey was by Mike Wiltshire. Design by Philip Hunt.

Oriental Credit.

Your line to banking services in the developing world.

Our head office is in the City of London, our roots are in the developing countries and we can provide banking services in the U.K. and overseas through our worldwide contacts.

Our clients include governments, corporations and individuals.

Whether you do business with or within developing countries, Oriental Credit are ready to meet your need for banking services.

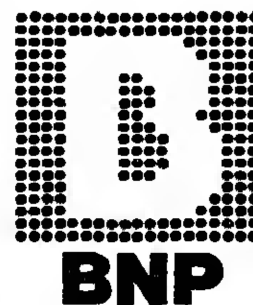
Try us.

Oriental Credit Limited
Head Office: Bush Lane House, 80 Cannon Street, London EC4N 6LL.
Telephone: 01-621 0177. Telex: 896995. Cable: Fundorient London EC4.
Dealers: Telephone: 01-621 1566. Telex: 8955702.
West End branch: 46-47 Old Bond Street, London W1X 3AF.
Telephone: 01-499 9392. Telex: 296145.
Manchester branch: Devonshire House, George Street, Manchester M1 4HA.
Telephone: 061-236 7700. Telex: 666093.

A WORLD OF BANKING SERVICES
Current & deposit accounts
Letters of credit
Performance bonds
Foreign Exchange
Trade finance
Loan syndication

Oriental Credit Limited

A developing world of business.



Banque Nationale de Paris

Premier Bank in France

BNP is France's leading and largest commercial bank. With over 2000 branches throughout the country, BNP and French business are synonymous.

International Leader

BNP is also a major international bank with a unique network worldwide.

With a presence in the world's main financial and business centres, BNP can help and advise you wherever you do business.

BANQUE NATIONALE DE PARIS
Head Office: 16, Bd des Italiens 75009 Paris
Tel. 244.45.46 - Telex: 280605

UK Subsidiary:
Banque Nationale de Paris p.l.c.
8-13 King William Street. LONDON EC4P 4HS
Tel. 01. 626.5678 - Telex: 883412

IMF predicts a general broadening of the recovery this year

'A turn for the better'

THE world economy took, in the words of the International Monetary Fund, "a decided turn for the better" last year, and the improvement in output is expected to continue this year

However, the growth of total world output in 1983, following two years of stagnation, was only half the annual average achieved in the decade up to 1976, and was concentrated in a relatively few industrial countries, notably the U.S.

The developing world, still struggling to adjust to high dollar interest rates, the burden of debt and relatively low world commodity prices, suffered economic stagnation for the third year running.

In its World Economic Outlook, published in full in May, the IMF predicts a general broadening of the recovery this year, with output in the industrial countries 3.6 per cent higher than it was in 1983, following growth of 2.3 per cent last year.

This would be close to the average annual rate of growth between 1967 and 1976, but well below the growth rate in the years of peak activity. Moreover, the IMF suggests that there will be a general slowing down in the rate of growth by the end of this year, as the U.S. recovery flattens out.

The fortunes of the developing countries are expected to improve somewhat as their economies are pulled along in the slipstream of the developed world. However, the average growth rate of 3.8 per cent expected for them this year is still well below their historic rates of growth.

The amount of suffering which the recent recession has inflicted on the Third World is illustrated starkly by the fact that the total growth expected in the first four years of this decade is hardly more then that achieved in a single year on average in the decade up to 1976.

For the debt-ridden countries tha position is worse. They are expected to grow by e little under 3 per cent this year, less than half their historic growth rate.

Although the IMF report is heavy with forebodings about the consequences for the world economy of the U.S. federal bndget deficit and the world debt burden its report was written before the recent sharp rise of U.S. short term interest rates and the associated strengthening of the dollar.

Long-term bond yields, had indeed, been rising since the middle of last year and the

The world economy

MAX WILKINSON
Economics Correspondent

pressure for a rise in short term rates was already evident. But it was not until the Federal Reserve Board tightened its policy in March, that these pressures were translated into a clear shift of market sentiment.

The U.S. prime rate then rose; and the almost universal predictions that the U.S. dollar would be dragged down by the increasing weight of the current account deficit were moved yet again e step further into the future.

In the short run, there seems little reason why a rise in interest rates should arrest the recovery of the major economies. The U.S. has, after all, achieved growth equivalent to an annual rate of over 7 per cent in the first quarter of this year with long bond yields the same number of precentage *points above the inflation rate.*

Insulated

Recovery in Europe and Japan bas also been proceeding ateadily with interest rates which appear to be very high in "real" terms.

Moreover, the European financial markets bave had some limited success over the last year in insulating themselves from the movement of U.S. interest rates—with considerable official encouragement. However, there is a limit to the amount of "decoupling" that the market will permit or which the authorities will willingly countenance.

From the market point of view, a very wide disparity of interest rates must depend to some extent on the expectation that the dollar will decline in the not too distant future.

From the authorities' point of view, a continued widening of the interest rate gap with a consequent capital flow towards the U.S. and e strengthening dollar, carries inflationary dangers.

The strong dollar has, in effect, allowed the U.S. to export inflation to the rest of the world. It has constrained the prices of goods imported into the U.S. while tending to raise the price to the rest of the world of those commodities denominated in dollars, particularly oil.

In the medium term, it is argued that commodity prices will adjust to a world price measured against a basket of the major currencies. But meanwhile e rise in the dollar may inflict some damaging shocks to the inflationary psychology of countries where the authorities are struggling to keep price rises and wage settlements on a declining path.

The UK is an example: The annual rate of increase of prices paid by manufacturers for fuel and materials rose to 8.6 per cent in April, compared with 6.9 per cent in March, largely because of the effect of the strengthening dollar on import prices.

If continued, rises of this order would tend to jeopardise the Government's plans to keep inflation falling through a 4½ per cent by the end of this year. And it showed in 1981, that when the inflalion objective was threatened it was prepared to support the pound with really substantial rises in interest rates.

The more serious implication of e rising trend of interest rates, bowever, is the threat posed to the stability of the world's financial system by the debt servicing burden of third world countries.

The impact is threefold: first, the high value of the dollar which has been associated with rising U.S. interest rates, makes it more difficult for developing countries to earn enough to pay the interest on their dollar-denominated debts.

Second, rising interest rates directly add to the cost of servicing floating rate debt and make the prospects for rescheduling large amounts of short-term debt much more problematic.

Thirdly, even a small depressive effect on the world economy through the slowing down of fixed investment could have a serious effect on some of the larger debtors for whom the growth of world trade is of crucial importance.

Projections

The IMF estimates that each 1 per cent cut in the growth rate of the industrial countries from that assumed in its projections would increase the deficit of the non-oil developing countries in 1987 by $20bn compared with what it would otherwise have been.

By 1990, the deficit would have risen to $150bn compared with $85bn on the slightly more optimistic assumptions of its central forecast. The IMF believes this larger deficit could not be financed by private lending from the developed world.

Consequently, the developing countries would have to cut back their imports severely and would suffer a cut of about 1 per cent in their growth rates.

The IMF assumes in its central scenario that world interest rates will fall by about 3 percentage points between 1985 and the end of the decade. But, even in this case, it forsees considerable, though surmountable, difficulties ahead in dealing with the debt mountain.

The recent rise in interest rates does not, of course, mean that a fall in tha medium term is less likely. However, it does focus attention on to the dominating question of the U.S. Federal budget deficit and the willingness of Congress to taka relatively speedy action to reduce it.

If, as is still possible, the "down paymeot" package to cut $50bn a year off the deficit sbould get boged down in Congressional disputes, the outlook would start to look bleak indeed. Financial markets are already clearly anxious about a resurgence of inflation if the authorities were forced eventually to monetise the deficit.

The high level of long term interest rates is hardly consistent with any other view. Recent bistory includes too many precedents for governments to slide out of their debt obligations through inflationary financing.

This is not an option for the third world countries in respect of their foreign debt. However, this debt also might rekindle inflation if the authorities came under irresistable pressure take over some of the private debt and monetise it, in order to protect the banks from the threat of default.

Although the worst excesses of inflation have been defeated in the major countries it seems likely, however, that the instability of the financial system will, for some time to come, exercise a serious drag on world prosperity.

So long as the authorities are worried about inflation, debt and interest rates the prospects of expanding demand fast enough to get rid of the very high levels of unemployment in Europe, look far off and hazy.

INDUSTRIAL COUNTRIES: CHANGES IN OUTPUT AND PRICES*
(in per cent)

	Average 1967-76†	Change from preceding year 1983	Change from preceding year 1984	Change from fourth quarter of preceding year: fourth quarter 1982	1983	1984
Real GNP						
Canada	4.8	3.0	5.0	-5.0	6.9	4.1
U.S.	2.8	3.3	5.0	-1.	6.2	4.0
Japan	7.4	3.1	3.9	3.8	4.0	3.2
France‡	4.7	0.6	0.6	1.2	0.1	1.4
Germany, Federal Republic of	3.4	1.3	2.6	-2.0	3.2	2.7
Italy‡	4.3	-1.4	1.9	-2.4	1.8	1.5
UK‡	2.3	2.9	2.8	1.6	2.7	2.8
All industrial countries	3.7	2.3	3.6	-0.3	4.8	3.2
Of which:						
Seven major countries above	3.6	2.5	3.9	-0.5	4.4	3.3
European countries	3.5	1.1	1.9	-0.1	1.9	2.1
Inflation (GNP deflator)						
Canada	6.9	6.2	4.9	8.3	5.1	4.9
U.S.	5.6	4.2	4.1	4.4	4.1	4.3
Japan	7.9	0.7	0.7	0.8	0.8	1.1
France‡	7.3	9.2	7.2	9.6	9.4	6.1
Germany, Federal Republic of	5.1	3.2	3.0	4.8	2.5	2.5
Italy‡	9.3	15.0	12.2	16.6	15.5	11.9
UK‡	9.9	5.1	5.0	6.2	4.4	4.8
All industrial countries	6.7	5.1	4.5	5.8	5.0	4.2

* Composites for the country groups are averages for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years. For classification of countries in groups shown bere, see the introduction to this appendix.
† Compound annual rates of change.
‡ GDP at market prices.
Source: IMF.

Cutback in U.S. lending abroad

AT THE turn of the year, the Organisation for Economic Co-operation and Development was predicting that large international movements of capital would become less important in determining the exchange rate of the dollar.

Instead, it thought the foreign exchange markets would look increasingly at the "fundamental" economic indicators including the rising current account deficit. *The obvious implication was that the dollar would drift* downwards as the edverse trade balance started to have more influence on the markets.

Capital flows

MAX WILKINSON

At the beginning of the year this expectation seemed as if it were being fulfilled. However, by the end of March the dollar was once again buoyed up by a short-term flow of capital into the U.S., drawn in by higber interest rates.

As a matter of theory it must be true that tha capital flows will equal the current account of the balance of payments.

However, in practice it is notoriously difficult to measure capital movements and buge discrepancies have opened up in respect of the U.S. and the world as a whole.

The latest World Economic Outlook, produced by the International Monetary Fund in May, shows all major groups of countries are in deficit with each other on the current account of the balance of payments, which is impossible. The total discrepancy in the accounts is $74bn for 1983 about twice the size of the U.S. current account deficit for that year.

Any attempt, therefore, to estimate even the rough size of capital flows from the current account figures, is immediately bogged down in uncertainty.

On the other band, direct measurement of the movements of capital are also extremely unreliable.

For the UK, for example, the discrepancy between recorded capital flows and the balance on trade was £3.6bn in 1988. This fell to "only" £800m last year, but in the third quarter the unexplained gap was minus £1.5bn and followed by plus £1.5bn in the following quarter.

One reason for these wild swings in the figures is the difficulty in distinguishing the very short-term movements of so-called "speculative" capital (but including the liquid funds of large international corporations) from the longer term movements including direct and portfolio investment.

Mr David Morrison, senior economist for the London broker Simon and Coates, has made an attempt to penetrate the statistical fog by analysing capital flows to what be calls the "pbenomenal appreciation" of the dollar since 1978.

He has used data from the Department of Commerce to estimate the flows of capital in various categories and in relation to the major international economic groupings.

As the table shows, the net dollar value of the U.S.'e capital assets abroad (after subtracting overseas investment in the U.S.) rose by $36bn in 1981 compared with the previous year and by a further $12bn in 1982. But in 1983 there was a very large estimated fall of $38bn to a net total of $135bn

NET US INTERNATIONAL INVESTMENT POSITION
($bn)

End-Period	1979	1980	1981	1982	*1983
1 U.S. Assets Abroad	510.6	606.7	716.9	834.2	883.5
of which					
2 Official Reserves	19.0	26.8	30.1	34.0	35.2
3 Other Govt. Assets	58.4	63.5	68.4	73.9	78.6
4 Private Assets	433.2	516.4	618.4	726.3	769.5
of which					
5 Bank Loans	157.0	203.9	293.0	402.3	425.5
6 Foreign Assets in U.S.A.	416.0	486.1	560.4	665.5	748.5
of which					
7 Official	159.7	176.0	180.9	189.2	195.3
8 Private	256.3	310.1	379.5	476.3	553.2
9 Net Position (1-6)	94.6	120.6	156.5	168.7	135.0
Memorandum					
10 U.S. Direct Investment Abroad	187.9	215.4	226.4	223.4	229.4
11 Foreign Direct Invests. in the U.S.A.	54.5	68.4	90.4	101.8	111.4
12 U.S. Holdings of Foreign Securities	56.8	62.5	63.2	75.3	85.3
13 Foreign Holdings of U.S. Securities	179.4	208.4	219.1	251.6	275.6
14 U.S. Bank Claims (private)†	157.0	203.9	293.0	402.3	425.5
15 U.S. Bank Liabilities (private)†	110.3	121.1	165.3	229.6	272.9

*Estimated. †Not elsewhere considered.
Source: Simon and Coates

Sharp swing

This suggests that the U.S. swung very sharply from being a oet exporter of capital to a net importer last year.

These figures appear to be at odds with the current account position for those years. In 1982, the current account showed a deficit of $1bn rising to $40bn last year. This suggests that in 1982 the U.S. had both a current account deficit and an outflow of capital. Moreover after revaluing the capital outflow to take account of the change in the currency, it rises to $30bn. This puts e discrepancy between the current and capital accounts at an enormous $40bn.

In spite of this very big uncertainty, Mr Morrison's calculations do give a picture of the direction of the recent trend.

No doubt the most important factor has been the slow-down in U.S. banks' lending abroad particularly to Latin American countries. This changed the position of the U.S. banks from net lenders abroad to net borrowers in 1983.

A more detailed analysis shows that most of the capital flow into the U.S. came from tha private sector, with an increase of $77bn last year in the value of overseas assets in the U.S.

The geographical breakdown shows that the U.S. had not only a net capital inflow from Western Europe of $21bn last year but also a net inflow of $15bn from Latin America and other Western bemisphere countries.

Despite the fact that the U.S. has not been transferring capital to the Latin American countries, the major debtor countries are expected by the IMF to have a total balance of payments deficit of $31bn this year. This is about $9bn less than last year and almost $50bn less than in 1980.

Thus, although the financing needs of the borrowing countries is diminishing, it is still almost as bigh as it was in 1979, and is likely to decline only slowly.

The position of the oil exporting countries is improving, bowever. The latest Bank of England estimate (in March) is that the external borrowing needs of the oil countries was eliminated efter the first quarter of last year as their current accounts swung back into an aggregate surplus.

This gave them an estimated $2.9bn funds availabla for overseas investment in the third quarter compared with a total deficit of over $15bn in the first two quarters.

However, for 1983 as a whole the oil exporters are estimated by the Bank to have had o net inflow of funds from the U.S. compared with outflows to the U.S. of $15bn in 1981 and $11bn in 1982.

Calls for a top-level political initiative

CONTINUED FROM PREVIOUS PAGE

banks would only be able to unload the bonds at a large discount, which would result in heavy losses. And just as the LDCs need not fear rising rates, they would not benefit from any fall.

It is hard to see banks edopting any of these schemes freely. Central bankers, who might be in a position to apply a bit of pressure, also seem unenthusiastic, partly because they suspect they would end up having to buy those bonds in a politically dictated bail-out, but partly, too, because they maintain that banks should sort out their problems themselves. Certainly, there is a widely beld view that bankers—particularly the Americans—have done the minimum necessary to protect their interests, and should be made to suffer a bit more with so much at stake.

Judging by the New York meeting, central bankers led by Mr Paul Volcker of the Fed favour putting e cap on interest rates on LDC loans, and pressing banks to shave the large "crisis" spreads they charge on their rescue packages. Tha banks can be expected to resist fiercely any attempt to make them bear the brunt of these proposals. But if they do not subsidise the loans, who will?

Suggestions for a "super fund" administered by governments or official institutions have also been put forward. As last year's Congressional debate over new funding for the IMF showed, however, there is strong political resistance in tha U.S. to using public money, and Herr Karl Otto Poehl, president of the Bundesbank, has just warned that West Germany would be unable to raise its commitments to the IMF without jeopardising its monetary reserves.

Economic summit

Yet, though there are now calls for a top level political initiative at next month's ecooomic summit, there are also reasons to be less concerned ebont a catastrophe than last year.

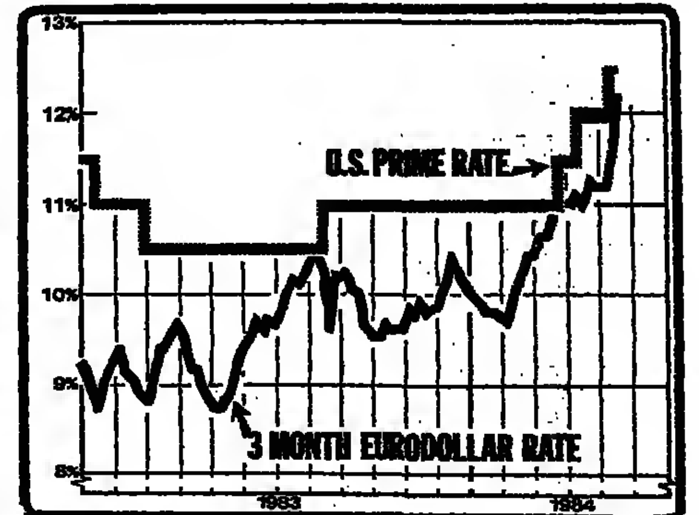
One is that tha scale of the problem is now somewhat smaller. East Europe is getting its finances in order; even Poland has been stabilised with n four-year rescbeduling agreement and a new loan which takes it off the danger list. Mexico is elso in better shape than might have been predicted this time last year.

Another is that the bulkheads of the world banking system have been shored up. Bank supervisors have successfully put pressure on banks to bolster their capital bases and build up their loan loss reserves. As the Bank of England pointed out in its latest bulletin, banks ore beginning to grow round the debt problem: their capital is rising faster than their exposure to troubled countries.

The third is that while the Fed is sticking uncompromisingly to its anti-inflationary guns and causing rates to rise, tha Reagan Administration seems able and willing to throw money at the crisis whenever it becomes threatening. This may not be bealthy, but preferable, possibly, to the Fed allowing the debt crisis to dictate U.S. monetary policy.

Nor should one overlook the short term benefits tuat the much-criticised U.S. current account deficit is bringing to world trade. The U.S.'s massive imports may not all be coming from the LDCs but they must be helping foreign economies.

It may be wise to bear in mind all the little things that belp the LDC debt crisis over its humps, because they could end up supplying the only workable solution: more "muddle-through" aided by bank-government big boaves when the going gets tough. The grand solutions while appealing, require a commitment of political will and hard cash which even the crisis in its letest, more worrisome stage, seems unlikely to summon forth.

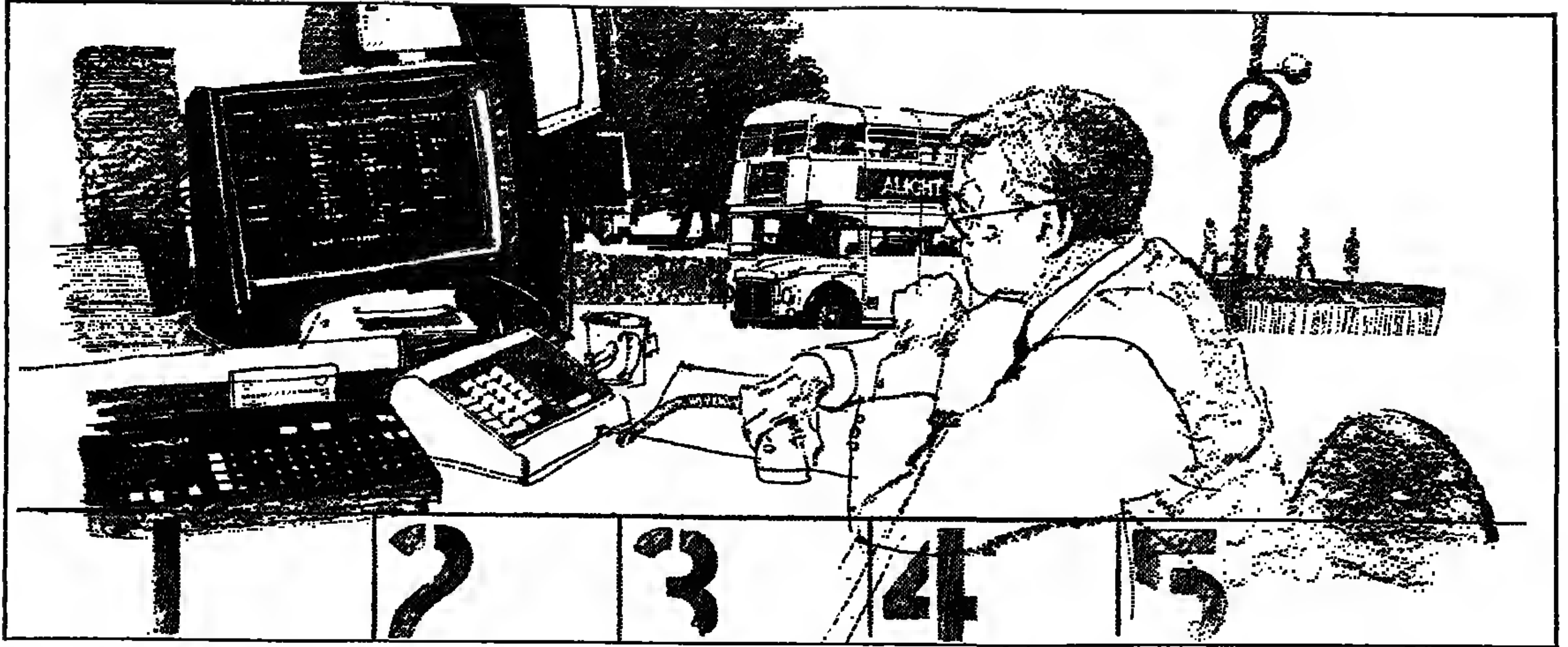


DEVELOPING COUNTRIES: EXTERNAL DEBT OUTSTANDING
(Figures in $bn)

	1982	1983	1984
Developing countries	724.6	767.6	812.4
Short-term debt	148.2	126.2	97.6
Long-term debt	576.6	641.4	714.8
By type of creditor:			
Official creditors	205.4	229.6	254.4
Private creditors	371.2	411.8	460.4

Its long experience in providing a complete range of banking services to Turkey's leading trading and industrial companies, together with the in-depth economic analyses prepared by its panel of independent experts, has given Garanti Bankası a unique understanding of the Turkish market. Now, Garanti Bankası invites you to share this invaluable knowledge and experience, without charge or obligation. For a copy of our folder of current papers-"Economists and Events/Turkey'83"- please contact Mr. Ilter Ataç, Assistant General Manager, at the address below.

GARANTİ BANKASI
Istiklal Cad. 187, Galatasaray-Istanbul, Turkey Tel: (1) 143 14 80 - 149 58 15 Telex: 24538 Gafo TR



It's electronic reporting of anticipated and collected income and redemptions. Income and redemptions are credited on the payable date. But more important, Manufacturers Hanover provides 5-day forecasts of anticipated dividends, interest and maturities.

THE FINANCIAL SOURCE:℠

It's Manufacturers Hanover, the bank for total securities services.

It's adding to your bottom line through our Securities Lending Program. Our risk-free securities lending program helps you generate additional income on your assets, making them work harder for you.

It's providing information as you need it. Our on-line reporting system provides transaction status, asset positions, lending activity and history on past transactions. And you can get added personal attention from our representatives on-the-spot in London.

It's terminal-based communications for instruction entry. The direct link between Manufacturers Hanover and its safekeeping customers ensures timely, secure and economical communications for all securities. Including receipts of confirmations and direct affirmations.

Quality. Loyalty. Consistency. These three attributes make Manufacturers Hanover a dedicated banking partner.

We are committed to providing you with high quality securities services and products for securities reporting, processing and settlement.

Equally important is the *way* in which we provide these services.

We strive, always, for a consistency that you can count on. And a loyalty that you will find exceedingly difficult to match.

MANUFACTURERS HANOVER

The financial source. Worldwide.

New York Headquarters: 270 Park Avenue, New York, New York 10017, USA
In London contact: Douglas W. Heron, Vice President or Charles C. Stipp, Vice President and Senior Representative—Correspondent Banking
7 Princes Street, EC2P 2LR, London • Tel: 01-600-5666 • Telex: 898 371

Manufacturers Hanover Trust Company Member FDIC

You, first.

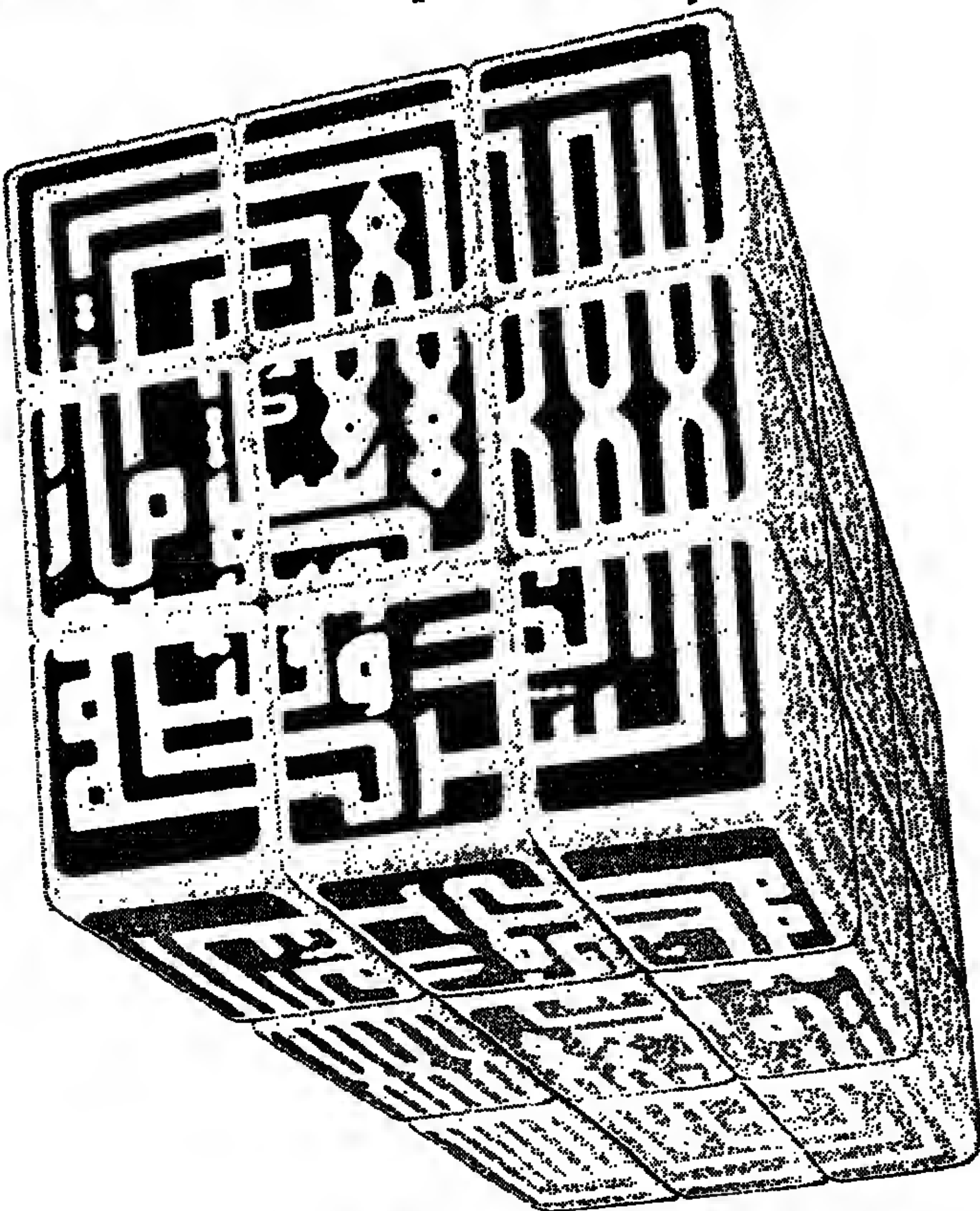
Westpac puts you first in Corporate Lending.

Westpac's approach to Corporate Lending is to find out your real needs quickly–and to respond fast.
We're Australian and like getting down to the nitty-gritty. So we prefer talking to you on *your* own ground about your needs. That way we learn immediately about our ability to help. And being Australian we're helpful by nature.
We apply this to everything from Foreign Exchange dealings to Trade Finance.
Westpac is the first bank in Australia. We're also in nineteen other countries. Much of our Corporate Lending relates to the West Pacific, but we'll do business anywhere, anytime.
Find out how competitive we are, and how we always put 'You, first.'

Westpac Banking Corporation,
United Kingdom and European Headquarters:
Walbrook House, 23 Walbrook,
London EC4N 8LD. Tel: 01-626 4500.
Frankfurt Representative Office:
Bockenheimer Landstrasse 51/53, 6000 Frankfurt/Main 1,
Federal Republic of Germany. Telephone: (0611) 720 781/3. Telex: 412743
Incorporated in Australia with limited liability.

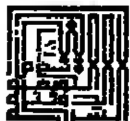
Westpac
Australia's world bank.

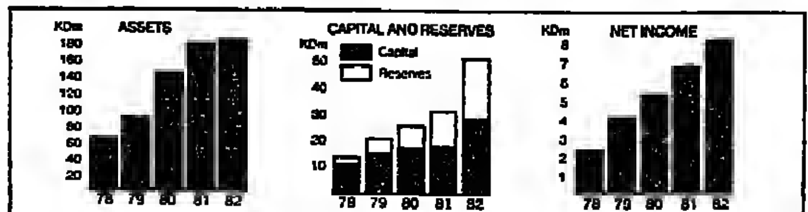
Banks should solve problems, not



Well, usually. Two years ago we broke with this tradition. We produced our own Rubik's cube and, just to make it a bit more interesting, made a special variant that's a good deal more difficult to solve.
In dedicating it to problem solvers, and sending it to our friends, we wanted to remind them that effective international investment banking has always been about problem solving.
At KIIC, we work in partnership with our clients around the world to identify and solve problems. And, as you'd expect, we have the financial resources to back our solutions.

KIIC
A commitment to the future.





Kuwait International Investment Co. s.a.k. Al-Salhia Commercial Complex, P.O. Box 22792, Safat, Kuwait, Telephone: 2438273-9 Telex: 22325 INVEST KT 22545 KIIC KT

WORLD BANKING 4 — World Debt Crisis

Although rescue programmes are now in place for the major debtors, the problem is still intense, and there is lively debate over the need for broader solutions. A testing time looms for creditor and debtor alike.

Debtors pay a heavy price

LDC borrowers: a progress report

PETER MONTAGNON

A FEELING of unease has begun to permeate the international banking community about prospects of solving the developing country debt crisis that first exploded in 1982.

While the strong recovery in the U.S. has helped many debtors by boosting their exports, interest rates are rising again, forcing them to pay hundreds of millions of dollars more each year in debt service charges.

Against the background of domestic recession, the political climate in many of the afflicted countries is hotting up. There have been cabinet changes in Peru and Chile this year, prompted by the difficulties of sticking to International Monetary Fund austerity programmes.

In Brazil there have been massive street demonstrations in support of direct elections to the presidency that reflect the underlying disenchantment of the average Brazilian about the economic situation of his country. And Argentina is locked in tortuous negotiation with the IMF in an effort to find an austerity programme tough enough to deal with inflation of 480 per cent but still acceptable to the voters who gave President Raul Alfonsin a sweeping majority last year.

Little has done more to crystallise the unease about the present situation than the $500m rescue package launched for Argentina by another large debtor, Mexico, at the end of March.

This was the first time a group of debtors seized the initiative from creditor banks and governments since the debt crisis started. Mexico and Venezuela each contributed $100m to the package, Colombia and Brazil $50m apiece. As part of the deal leading creditor banks were forced to put up $100m at a very low interest margin in a conspicuous reversal of the hard line they had previously taken against lending to Argentina before the implementation of a proper IMF adjustment programme.

True, the bank loan was effectively secured by Argentine deposits at the Federal Reserve and Argentina put up a further $100m of its own money to help reduce interest arrears. But, at least in Europe, bankers and officials argued that there was no escaping the conclusion that the balance of power had shifted in favour of the debtors as a result of the package.

With hindsight it is not surprising that the debtors should now be becoming more demanding. In the two years since Mexico first told the world it could not repay its debts, banks have become used to living with crisis. As the various ad hoc rescue packages for countries in trouble have worked in staving off the immediate threat of default the sense of immediate calamity has lifted. Debtor governments are no longer concerned with day-to-day survival. Instead they are looking more carefully at ways of securing the longer term solvency of their countries in a difficult world.

So far the price that most have paid has been a heavy one. Almost all debtors forced to reschedule their debts have notched up large surpluses on their visible trade. More than anything else this has been achieved by a savage cut in imports. The U.S. bank, Morgan Guaranty Trust, calculates that the seven largest borrowers in Latin America cut their imports last year by 42 per cent on the level prevailing before the crisis broke in 1981. On the other side of the world the Philippines cut its own imports by 20 per cent in the first quarter of this year compared with their level of the same quarter of 1983. Only at the expense of lower imports and lower living standards have the countries concerned been able to find enough cash to keep interest flowing to their commercial bank creditors.

High margins

This, argue many of them, is particularly unfair at a time when banks themselves have been charging high margins and fat fees for rescheduling old debts and providing new loans. The banks themselves have taken this point on board. As a result one of the main debt developments this year has been a trimming of interest margins. Mexico, for example, is paying 1½ per cent above U.S. prime for its $3.8bn credit signed at the end of April compared with 2¼ on the $5bn loan arranged last year. The margin over eurodollars has also been cut to 1½ per cent from 2¼. Now, as Argentina's case begins to press, this process of trimming the margins seems likely to accelerate.

Argentina's government is trying to break new ground in the debt crisis by reopening the agreements reached last year by the former military regime for the rescheduling of some $7bn in debt falling due in 1982 and 1983. It wants the margins cut from their established level of 2¼ per cent above Eurodollar rates and 2 per cent above U.S. prime and the maturity extended beyond the presently agreed seven years. If it succeeds—and everything in this respect depends on its ability to reach a satisfactory understanding with the IMF—a precedent will have been set for other borrowers to reopen their own bank rescheduling arrangements and press for better terms. Banks would have to accept that their profits from such deals would drop markedly.

It is hard to see how far the banks would be prepared to go in this respect. While there is general sympathy among senior bankers from leading international banks for the plight of the borrowers, the smaller creditors whose assent to lower margins would be vital are less concerned with the overall well-being of the financial system and the final ability of debtor nations to cope with their debts. It has never been easy for the borrowers to syndicate new loans from all their bank creditors. Mexico's recent $3.8bn took about three months longer than expected to complete despite the fact that its economic recovery since the outbreak of crisis has been impressive. After putting up with months of late interest payments from Argentina, smaller banks are likely to be far from happy about contributing to a new loan.

Major flaw

Banks in the Middle East, for example, which came to international lending rather late in the day have much less tied up in the developing world than some of their big U.S., European or Japanese counterparts. They could afford to write off their loans to Latin America without completely eroding their capital base, and many would apparently prefer to do this rather than throw "good money after bad" simply to keep the debtors on the rails. This is still the major flaw in the ad hoc rescue packages that have served the financial system so well in overcoming the debt crisis until now.

Awareness of this problem is increasingly causing bigger banks in Europe to have second thoughts about pursuing the ad hoc policy of solving the debt problem. Many senior bankers in Europe feel the days of forced lending simply to provide cash for debtors to pay interest are numbered. However, in the U.S. banks are constrained by regulatory requirements that could force them to write off their loans to developing countries if interest at a full market rate is not paid on time. There have thus been increasing signs of strain as European bankers urge a more radical approach to debt problems, while U.S. bankers insist on continuing down the orthodox path of lending to cover interest due.

At the moment no substitute has been found for the ad hoc approach which has dominated creditors' response to the debt crisis so far. This approach first requires the debtor to work out a programme with the International Monetary Fund to set its economy back on the rails and restore its balance of payments to manageable levels. Then creditors, which may include governments, are asked to reschedule maturing debt and to put up enough fresh cash to fill the remaining financing gap. In a number of countries this type of formula is expected to be needed for several years while debt service is reduced to manageable levels.

Already there have been noticeable signs of progress in some cases. Peru and Yugoslavia have not asked commercial banks for fresh credit this year, and Mexico has cut its requirement to $3.8bn from $5bn. Chile has reduced its requirement to $780m from $1.3bn, and if all goes well the total should be cut further next year. Other ways are being gradually sought of channelling capital to developing countries. Debtors are being encouraged, for example, to open their doors wider to foreign investment which is preferable to notching up additional debt because it carries no repayment obligation.

Banks are also being encouraged by the authorities of creditor nations to consider multi-year rescheduling operations. One such case is Poland which has recently agreed in principle with its creditor banks to reschedule all debt falling due between now and 1987. The idea is to remove the uncertainty that always hangs over an annual series of separate negotiations. In this way, bankers argue, the ground can be prepared for more normal financial relations between a country and its creditors which should make it easier for the debtor to raise short-term trade credit as his economy recovers.

Most central bankers still insist that measures such as these will be enough gradually to float the debtors away from the shoals of default. Indeed in their public utterances they often remind banks of their responsibility to continue lending. Dr Willy De Clercq, Belgium's Finance Minister and chairman of the IMF's policy-making Interim Committee, told an audience of commercial bankers recently that the debt crisis was manageable so long as they were prepared to increase their lending by 5 per cent annually through the rest of the decade. On the same occasion Mr Wim Duisenberg, governor of the Dutch central bank, warned that the IMF itself and other official institutions had reached the limit of their ability to step in with extra cash. "I must warn against too great expectations of what the national monetary authorities and the international financial organisations can do," he said. "They should not attempt to take over the rôle of private creditors in the financial system."

Key questions

But will the banks be prepared to carry on lending in this way? And will the debtors be prepared to put up with austerity for several years ahead? A great deal depends on how long the world economic recovery continues. Strong recovery will help debtor countries build up their exports and boost confidence among banks in their ability to repay debts eventually. If the recovery falters or industrial nations yield too far to the temptation of protectionism there is little doubt that the debtors would find the IMF's austerity medicine all the harder to swallow. Even more so if interest rates remain high in real terms.

Meanwhile creditors and debtors alike are looking to Argentina as a pointer to the future direction of the crisis. With total debts of $43.6bn, Argentina is the third largest debtor in Latin America and its decisions are bound to set a precedent for other borrowers. So far the government of President Raul Alfonsin is having great difficulty reaching agreement with the IMF. It missed the first deadline of April 30 set out as part of the end-March emergency rescue package. If it decides to dispense with the IMF altogether, other borrowers might well be tempted to follow suit. If it agrees to an IMF programme, banks are bound to come under severe pressure to make major concessions on the terms of their rescheduling. And those concessions may well not prove palatable to smaller creditors. Either way a testing time looms for creditor and debtor alike.

A common approach is slow to emerge

Accounting

ALISON HOGAN

AN INTERNATIONALLY accepted solution to accounting for problem loans and sovereign debt seems as remote as the prospect of LDCs resolving their economic problems and repaying all outstanding loans.

The last year has seen some notable steps forward by accountants, fiscal and banking regulatory authorities in providing guidance to banks on this vexed question. But there are still great variations between countries and banks.

The debt crises in recent years of countries such as Poland, and parts of Latin America have particularly highlighted the problem of accounting for sovereign debt. The real prospect of a country going bankrupt and repudiating all its debts is a recent one and not a scenario for which banks have provided.

Guidance on this subject from national and international bank regulatory bodies is sensitive because of the political dimension. Various approaches have been taken to ensure that appropriate provisions are made, without publicly naming a black list of countries thought to be insolvent.

A bank's accounting policy can be affected by the bank regulatory authority which in its role of prudential supervisor may recommend more or less specific provisions for bad debt. The tax authority influences the bank in its attitude to what provisions will be tax deductible. The accountant assists in the presentation of figures in the published report and accounts.

The degree of financial disclosure varies enormously. In the U.S., banks provide quite detailed and specific information about their international loans, but they are not required to make major provisions against those debts.

In Switzerland, the banks are very conservative. Their reserves may include a full amount for all rescheduled debts, but information about the international debt is scant.

The U.S. federal banking agencies are tightening up on certain key disclosures by banks, and introducing new ones, according to Mr Colin Brown, of chartered accountants Price Waterhouse. He welcomes some broadly-based categorisation of sovereign states against which special provisions should be laid down.

Three categories have been proposed by the U.S. banking agencies: countries with "transfer risk problems," with "sub-standard" loans or "value impaired" loans. Against the latter category, specific countries have been named, Zaire, Sudan, Nicaragua, Poland and Bolivia. They are also working on plans to increase the capital ratios of U.S. banks.

The Bank Inspection Board in Sweden has provided one of the most specific recommendations on dealing with problem loans, stipulating percentages against named countries. Poland is thought to have been rated at over 50 per cent while Latin American countries including Argentina, Brazil and Mexico are around half that level. The provisions are tax free, but Sweden's bad debt exposure is not onerous.

Responsive

Banks are likely to be more responsive to building up reserves against international debt exposure if the provisions are tax deductible. Switzerland has very generous rules (though they vary in detail from canton to canton). All specific provisions and most of the general provisions are tax deductible. The provisions are, however, very high, averaging around 20 per cent against problem countries.

In West Germany, banks have considerable flexibility in deciding which loans to provide against, though the Bundesbank has been taking a much more conservative line of late. The banks have to assess whether a provision is specific and tax deductible.

Only five years later will the tax authorities conduct an audit and decide whether it agrees with the assessment. The authorities queried the decision of a German branch of a U.S. bank to judge a debt in Poland as tax deductible in 1982. The case was taken to court and the bank won.

In March, 1983, the Japanese Ministry of Finance's Banking Department issued a circular which set out to define a "problem" country and to recommend a level of general loan loss reserves which banks should set up.

The so-called "provision for specific overseas loans" would be included in the figure of loan loss provision in the income statement and in the total of loan loss reserves in the balance sheet. This is the first time that Japanese banks have been allowed to set up reserves against country risks. They will not be tax deductible.

Problem countries are defined as those which have delayed repayment of principal and/or interest on government loans from private financial institutions; which have concluded rescheduling negotiations for such government loans within the past five years or are in the process of rescheduling such loans without so far reaching a successful conclusion.

Private sector loans are eligible for the reserve as well as government loans, according to IBCA Banking Analysis. The amount to be provided ranges from 1 per cent to 5 per cent of the element of the loan at the end of an accounting period, the doubtful nature of which "may be attributed to the political or economic situation" of the countries in question.

The amount of reserves is expected to be small in relation to those set up by banks in other countries.

Spain is the latest country to issue guidelines which might contribute to a gradual resolu-

CONTINUED ON NEXT PAGE

The LDC crisis has provoked a major re-examination of the role of international institutions. Events of the last years have thrown up many important questions

Calmer waters ahead

AFTER TWO extremely turbulent years, the International Monetary Fund seems to have emerged into relatively calmer waters.

The most striking evidence of this was that the major industrial powers tried unsuccessfully to avoid holding the last Interim Committee meeting in Washington in April, because they thought there would be nothing on the agenda worth discussing.

IMF

MAX WILKINSON

However, the events of the last two years have thrown up many important questions which remain to be resolved.

Since the Fund's annual meeting in Washington in September 1982 when the world debt crisis became, so to speak, "official," the IMF has played a remarkably successful role in cajoling, persuading and almost forcing commercial banks to continue lending to the major debtor nations, while at the same time imposing strict financial disciplines on the debtor governments.

Each major debt rescheduling operation from the Mexican deal in 1982 to Brazil a year later and, most recently, Argentina produced moments of cliff-hanging suspense and a very real sense of vertigo for the central banks.

As the IMF's techniques have become more seasoned it has, like an experienced climber, induced a growing confidence among the commercial and central banks which are following its lead. But the difficulties are not much diminished and could with a little bad luck, become much more severe.

The big test

The first big test in 1982 was whether the IMF could command the authority needed to prevent Mexico's huge debt problems from collapsing into some form of default and a major loss of confidence in the banking system.

Although the Fund had successfully found a way through serious debt problems before, Mexico's difficulties were in many respects much more acute.

There was some doubt in September 1982, whether the Fund would be able to impose any sensible set of conditions on the country, and more generally, a scepticism as to whether the conditions would prove to be effective in reducing the country's needs for foreign borrowing to finance its trade deficit.

Now, two years later, Mexico is seen as relatively speaking a success story. This fact was rather curiously underlined on March 30 this year when it took a leading part in a $500m loan to "rescue" Argentina from failing to meet its deadline for payment of interest arrears to U.S. banks.

After the IMF's success with the Mexican rescheduling, the $6.5bn rescheduling of Brazil's debt in the autumn of 1983 seemed a comparatively smooth operation. Although there were certainly tense moments, there was little doubt among ministers and central bankers at the Fund's annual meeting last September that Brazil's debt burden would be successfully hauled up the next stage of the cliff face.

The anxieties by then had turned much more on to the Fund's financial abilities to take the strain which a long succession of reschedulings was imposing upon it.

It was already clear in the autumn of 1982 that the Fund would need extra resources, and a general consensus among the developed nations had emerged that this should be provided by an increase in quota subscriptions rather than from market borrowing. The Mexican debt crisis had dramatically changed the view of the U.S. Administration which had earlier in the year been opposing any increase in subscriptions.

Faced with the possibility of a crash which would involve its own leading banks, the U.S. agreed to a 50 per cent increase in the Fund's resources via a quota increase and a widening of the General Arrangements to Borrow (GAB).

The GAB, which had previously been for the mutual support of the 10 richest nations was hitherto to be extended to underpin the Fund's lending to any members if necessary.

Soon after this agreement was reached at a rather tense meeting of the Interim Committee in a snowbound Washington in February last year, it was evident that the Fund would need yet more resources.

The U.S. said flatly that it could not get authorisation for any more support through a reluctant Congress. A $6bn loan was, therefore, put together consisting of $3bn from the remaining industrial countries and $3bn from Saudi Arabia, and there was some optimism that this would be formally agreed by the Central Banks involved in the late summer of last year.

Unfortunately there was then a growing fear that the U.S. Congress might refuse to ratify the quota increase which the administration had agreed earlier in the year. The Central banks therefore held back on their half of the $6bn loan and Saudi Arabia naturally followed suit.

The IMF's annual meeting in 1983 was therefore faced with the rather extraordinary possibility that the Fund itself would run into financial difficulties, with incalculable consequences for the world's financial markets.

Although this never seemed a likely outcome it was alarming enough to persuade President Reagan to risk making a stirring speech in which he staked his full presidential authority on the need to persuade Congress to see sense.

Congress belatedly approved the increase, but the IMF's troubles were not over. Saudi Arabia had become anxious about the gap between the likely calls on the Fund's resources and the U.S. Administration's ability to deliver support. It appeared in short to be thinking some hitherto unthinkable thoughts about the credit-worthiness of the Fund.

It sought some form of guarantee in gold. The exact nature of Saudi Arabia's demands has not been disclosed, but the eventual agreement, after a lengthy legal process included an undertaking by the Fund that it would not dispose of its gold reserves.

Agreement

By the time of the interim committee in April, therefore, the Fund's finances seemed secure. And there was tacit agreement among the major countries that most of the pressing questions about future debt reschedulings would be better discussed in more private gatherings of central bankers and ministers.

It was enough at the IMF meeting to reconfirm the general strategy of considering each country's problems, case by case, with the IMF pledged to maintain a firm line in setting the conditions for economic reform as a condition for its loans.

Since an IMF programme had become effectively the talisman to unlock further commercial bank lending, the Fund remains at the hub of all rescheduling operations.

Nevertheless, it has become increasingly recognised that the present policy of staggering from rescheduling to rescheduling cannot go on indefinitely. Many proposals have been floated for easing the burden of interest rates, giving the World Bank a wider role, or encouraging the flow of equity capital into the developing world.

However, there seems at present to be little stomach for a revolutionary approach, and it seems that for a long time to come, the IMF will remain at the centre of the stage in something very like its present role.

Aid in long-term development

World Bank

PETER MONTAGNON

BY COMPARISON with the International Monetary Fund the World Bank has so far taken a back seat role in working towards a solution to the developing country debt crisis. Though the two are sister organisations, this fact reflects a fundamental difference in their aims and outlook.

The IMF is primarily concerned with solving short-term balance of payments problems of its member countries. Because of this it is normally the first port of call of a country which suddenly finds it can no longer finance its balance of payments deficit. By contrast the World Bank is a long-term development bank whose structure is geared towards the provision of capital for major projects to improve a country's long-run economic potential.

The World Bank has thus never been in the business of providing emergency financial assistance and it lacks the resources to do so. Many economists have urged it to take a more active role in contributing towards the solution of the crisis but it could not easily do so without a radical change in its structure. In the process, some bank officials argue, there would be a risk that it would lose sight of its long-term purpose and there is little doubt that even after the immediate debt problems are resolved there would still be a need for long-term development lending from the World Bank and other regional development banks.

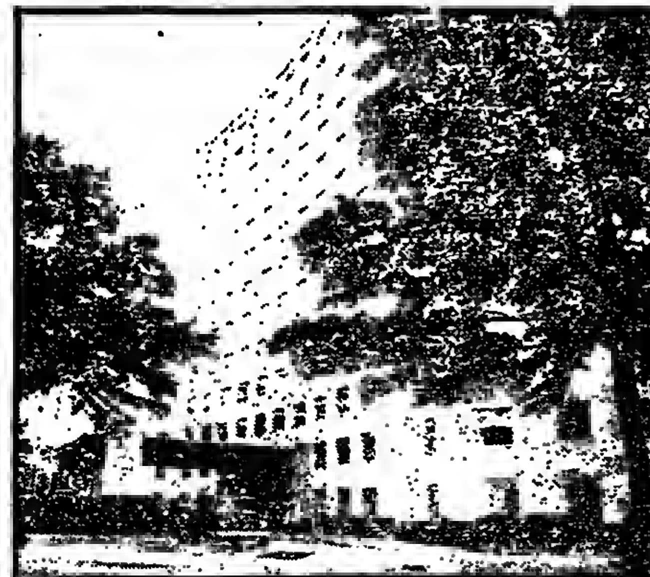
In fact the shortage of foreign exchange and domestic budgetary resources experienced by most countries with debt difficulties has made it even harder for the World Bank to come to their aid. World Bank lending is almost invariably associated with a development project—for example a power station or a highway development or an irrigation scheme to boost agricultural yields.

The Bank normally requires a borrower country to put up a certain proportion of the costs itself. This has become all the harder when its own financial resources are squeezed and when projects are being scrapped or delayed in order to reduce budget deficits in line with the requirements of an IMF austerity programme.

Resources

None the less the World Bank has been working hard to find ways of channelling increased resources to the countries most in need. With borrowers in Latin America it has looked at ways of speeding up disbursements of loans for existing projects to ease pressure on their short-term foreign exchange cash flow. It is also considering the possibility of setting up a special affiliate which could work in conjunction with private commercial banks to stimulate a greater flow of private capital to the developing world.

Lending by the World Bank to developing countries has also risen sharply in the two years since the debt crisis started. In its fiscal year ended June 30 1983 the bank approved $11.1bn in new loans compared with $10.3bn and $8.8bn in fiscal 1982 and 1981 respectively. Disbursements rose to $6.8bn from $6.3bn and $5.1bn respectively.



Glyn Genin

Headquarters of the World Bank in Washington, DC

By far the most conspicuous of its attempts to help developing countries has, however, been its new push to co-operate with commercial banks in co-financing of projects. Under its co-financing scheme the World Bank joins with commercial banks to provide loans for a given project. The hope is that banks will thereby be persuaded to lend more to the country concerned and for longer periods than would otherwise have been the case.

Currently the World Bank is working on its fourth major co-financing scheme under this new arrangement. It is joining with commercial banks to provide a total of $350m for industrial and energy projects in Hungary. Of this $35m is to be provided by the Bank itself.

In addition the Bank is to provide the equivalent of $13m for a $100m loan in yen for the same projects. The total cost of the projects is expected to be $839m, of which $189m will come from local sources and a further $200m from a separate World Bank loan in which the commercial banks will not participate.

This is the World Bank's second major co-financing for Hungary. It has also arranged similar loans for Colombia and Thailand. In each case one of its most important objectives has been to increase not only the availability of funds but also the maturity at which they are lent. For its latest Hungarian loan the Bank is putting in funds at a maturity of 10 years compared with the eight-year maturity on the portion to be provided by commercial banks.

There seems little doubt that lending by the World Bank is set to increase substantially in the years ahead. Some economists place great store on its structural adjustment loans which are not tied to any particular project but intended to finance a general improvement in the structure of a debtor's economy. Through its affiliate the International Finance Corporation the Bank is also actively engaged in helping promote flows of investment capital to the developing world. As the immediate debt emergency is patched up it seems likely that this type of operation will grow in importance—and with it the contribution that the World Bank can make to a longer term solution to the crisis.

Attitudes on accounting

CONTINUED FROM PREVIOUS PAGE

tion of the problems of LDC reserve accounting. The Spanish Central Bank issued a draft circular on reserve requirements for problem loans. No decision has been taken as to whether such reserves will be tax deductible.

It proposes specific percentages to be taken according to the classification of a country risk. The circular stops short of naming countries but provides a description of the type of risk for each classification against which the bank then chooses to slot in each country where it has an exposure.

The Central Bank can then monitor the banks' response and unofficially obtain reclassification of country debts where advantage is being taken of this flexible system.

In the UK, the attitude of the Bank of England has always been a low key one of suasion, rather than issuing detailed regulations. Similarly, the Inland Revenue has also held back from defining what country-risk debts are eligible for specific as opposed to general provisions, thereby becoming tax deductible.

A large degree of discretion appears to rest with the individual inspector of taxes, though the Revenue says it wishes inspectors to apply tax principles in a consistent way. The Revenue reiterated its principles to the British banks in January, 1983. It said that the bank has to decide on the amount of any specific provisions and to justify such provisions for tax purposes.

Robin Munro-Wilson of IBCA Banking Analysis which monitors the report and accounts of most banks, welcomes the improvements in disclosure that have appeared in recent years. But he still feels there is a long way to go. Provisions, he said, are still geared more to what a bank can afford, rather than what it might need.

"There are vast inconsistencies between banks and countries but we are beginning to see a trend of convergence," he said.

If it weren't for the competition, we'd never have gotten off the ground.

Why should you do business with us, a bank from Germany, when London already has banks in abundance?

Consider this. It was in Germany's crowded and highly competitive banking environment that we won our wings. In less than 25 years, our customers have rewarded superior performance and an uncommon sense of dedication by making BfG one of Germany's leading universal banks.

Today, 75 of Germany's leading corporations bank with us. BfG has 7,000 employees and a consolidated balance sheet total of $ 23.8 billion. We maintain bases in all key commercial centers and co-operate with more than 3,000 correspondent banks throughout the world.

All this makes us very qualified to do a better job for you in London, too.

Challenge us.

BfG:Head Office, Theaterplatz 2
D-6000 Frankfurt/Main 1

BfG:London, Bucklersbury House
83 Cannon Street, London EC4N 8NE
Tel. 01-248 6731, Telex 887628.

BfG:Bank für Gemeinwirtschaft

Only one worldwide banking group is owned by every Arab country.

The correspondence of the great Abbasid Caliph Harun al-Rashid with Charlemagne was an early example of Arab initiative in bridging East and West.

DINAR OF HARUN AL-RASHID (c.789 AD)

Al Ubaf Banking Group is the only entity which has succeeded in bridging East and West by forging partnerships in each of the world's financial centres.

All twenty-two Arab countries are represented in the Group through twenty-six Arab institutions.

And twenty-two of the world's greatest concerns add their full weight to our common purpose.

Moreover, the diversity and geographical spread of our shareholders' domestic and international networks provide us with privileged entrees all over the world.

We offer our clients a comprehensive range of financial services, and our high professionalism is backed up by the latest technology as well as unrivalled on-site expertise.

اليوباف

AL UBAF BANKING GROUP

Bahrain AL UBAF Arab International Bank E.C.
Hong Kong UBAN International Limited.
London UBAF Bank Limited. UBAF Finance Company Limited.
Luxembourg UBAF Arab German Bank S.A. Branch in Frankfurt am Main.
New York UBAF Arab American Bank. Branch in Cayman Islands.
Paris Union de Banques Arabes et Françaises – U.B.A.F. Branches in Bahrain, Seoul, Singapore, Tokyo.
Rome UBAF Arab Italian Bank S.p.A. Representative Office in Milan.
Beirut Representative Office.
Cairo Representative Office.

Here and on the facing page, FT correspondents analyse the latest trends in the world's major financial markets

International powerhouse

THE INTERNATIONAL interbank market, in which hanks lend each other their surplus cash, has never been far from the limelight since the developing country debt crisis broke in 1982. With a total outstanding value of well over $1,000bn it is the powerhouse of international banking.

Interbank market

PETER MONTAGNON

Banks draw on it to finance their international loans. Without it their ability to raise casb to meet passing needs for extra liquidity would be seriously impaired. And the banking system would never bave been able to finance the huge debts of countries such as Brazil and Mexico if the surplus funds of oil exporting countries bad not spread through the interbank market to smaller banks in almost every corner of the world.

Paradoxically for a market which is so central to the operation of the international banking system, it has thrived and prospered on a very informal and unregulated basis. Hundreds of millions of dollars change hands by the minute on the basis of simple telepbone calls between dealers. It only works because eacb participating bank bas an inherent trust in other banks' ability and willingness to repay—and that trust has been sorely tried by the debt crisis.

Big question

From the very moment that Mexico declared itself unable to repay its foreign debts in August 1982 two problems were uppermost in the minds of bankers in the interbank market. If Mexico could not repay them, bow were they to repay the other banks from whom they had borrowed to lend to Mexico?

Secondly, if Mexican banks which had borrowed about $6bn in the interbank market refused to repay their interbank deposits, bow was the system of trust on wbicb the market depends for its survival to be maintained? The nervous system of international banking seemed to have come under threat from what was happening in Mexico.

For the world's monetary authorities this was one of the most delicate moments of the debt crisis. It was vital to keep enough confidence in the interbank market alive to ensure that the banking system did not simply seize up. Equally, many central bankers felt that the unbridled growth of the interbank market during the 1970s had in part been to blame for the crisis. Without it lending to developing countries simply would not have been able to grow at an exponential rate.

In other words, the best they could bope for was a slow return to eartb of the interbank market. There could be no going back to the unhealthy growth rates of the past—and some smaller operators who bad relied on the market to expand too fast in international banking might simply bave to withdraw from the market. At the same time, funds had to be kept moving freely so that the banking system as a whole could play its part in helping to rebuild the solvency of the debtor nations.

As luck would bave it this is largely what has happened. After a period of contraction in the interbank market some growth has now returned. And there bave been no spectacular failures of large insntutions as a result of a run on deposits they bave taken from other banks in the interbank market.

But the process of coming down to earth has been painful and difficult. Banks have had to learn many difficult lessons, and central banks have at times had to use all their powers of persuasion to keep the market functioning as normally as possible.

One of the most important changes in the market over the past two years has been a new awareness on the part of banks about the nature of the risks they are running in lending to banks from another country. Before the debt crisis broke an international bank operating in London considered it perfectly safe to lend, for example, to the London branch of the Banco do Brasil. After all the Banco do Brasil is a large bank that had always paid its deposits back on time.

When it became clear that Brazil, too, was likely to reschedule its foreign debt, confidence in the Banco do Brasil slipped to the point where many creditors tried to withdraw their money. As a result the Banco do Brasil could no longer repay all its depositors and ways had to be found to keep them from withdrawing their cash. A new element of country risk bad appeared in the interbank market.

Recently, this question of country risk has taken on a new dimension still. With the decision of the Philippines to seek a rescheduling of its $25bn foreign debt last October, exchange controls were introduced that effectively froze about $600m of deposits beld by Citibank's branch in Manila. The branch itself could not repay them without infringing the controls and Citibank's head office in New York claimed that it was not responsible for them because they were effectively Philippine risk.

Here was a case of a U.S. bank which was in itself perfectly sound claiming it could not repay deposits because of a localised problem in another country which happened to have run into a severe squeeze on its foreign exchange liquidity.

Court action

At the moment the Citibank is subject to legal dispute in the U.S. and Philippine courts. No one knows wbat precedents the judgment will set and it may well be that a compromise between the banks concerned will prevent the establishment of a precedent anyway.

But one thing is clear. Banks generally have become mnch more cautious in their dealings with other banks. Institutions from developing countries or the branches of major banks located in countries where exchange controls might be imposed will find it much barder to attract deposits.

As a result the interbank market itself is becoming concentrated much more on established banks in establishad financial centres. The rapid growth of even soma of the less exotic offshore centres has slowad, and although their market bas survived the worst ravages of the debt crisis, interbank money market dealers bave become much more sobrn minded people than they were two years ago.

U.S. merger mania boosts business

THE EUROCREDIT market has had slow and difficult start to 1984 despite volume figures suggesting new business doubled in the first quarter of the year

According to the U.S. bank, Morgan Guaranty Trust, new Eurocurrency bank credits during the first quarter totalled $50.1bn compared with only $25.8bn in the same period of 1983 but of this total no less than $35.2bn was raised by borrowers in the U.S. compared with $1.2bn in the same 1982 period. Borrowing by the rest of the world fell to $14.9bn from $24.7bn.

Euromarkets and syndicated loans

MARY ANN SIEGHART

U.S. business was bloated in the first quarter by two very large loans, both of which were raised in connection with the bidding for Gulf Oil. Atlantic Richfield raised $12bn and Standard Oil of California $14bn.

The latter operation is now the largest single bank loan ever arranged, but it hardly represents bread and butter business for the eurocredit market.

This is not the first time that an outbreak of merger mania on Wall Street has sparked off a major burst of eurocredit business. In the summer of 1981 several large credits were arranged for oil companies and this drove total new business for the year to a record $133.4bn.

Then as now, however, the figures distorted the true underlying level of market activity.

This time round the underlying level of business is very low. First quarter totals were further boosted by the $6.5bn jumbo loan arranged for Brazil in connection with this year's rescheduling. That left less than $10bn of new voluntary business to be done outside the U.S.

New business prospects in the eurocredit market have been hit on two fronts at once. Many developing country borrowers, especially those in Latin America, are now in the process of rescheduling their debts.

Except for the better performing countries of the Far East, banks have little appetite left for business with those that are not rescheduling. Elsewhere the bond market has stolen away much bread and butter business with industrialised countries by offering cheaper finance in the form of Floating Rate Notes.

Among traditional major borrowers Sweden, which raised $2bn in the first quarter of 1983, took no new syndicated credits at all in the same period of this year. Denmark took only $18m compared with $1.3bn. France cut its offtake by $450m, Italy by more than $100m and Spain by nearly $400m.

In all these countries an improvement in the balance of payments has reduced the need for funds, quite apart from the competition now being generated in other markets.

All this has led banks in the eurocredit market to soften the terms they seek from borrowers. The margin over the expensive U.S. prime rate has all but disappeared from the market.

Greece, which is regarded as one of the weaker European credits, was able to offer a $350m loan in March at a margin of ⅝ points over London eurodollar rates.

Despite the absence of an alternative margin over the lucrative prime rate the loan was increased to $400m. For top rate credits margins of less than ¼ per cent, which disappeared after the debt crisis broke, have now become the norm. And maturities are also increasing as market conditions tilt in favour of borrowers.

Prospects

The latest loan by Gaz de France bears a life of 12 years, which is exceptionally long by European standards.

For the time being, however, there seems to be little prospect that such attractive terms will entice an increasing flow of borrowers back to the market. Instead some are using the more favourable market conditions to renegotiate the terms of existing loans in their favour.

Ireland started the ball rolling in February with a request for better terms on a $500m credit that was signed as recently as June last year. It wanted the maturity of the credit extended to nine years from seven, the eurodollar margins cut by ¼ point and the prime margin cut to only 0.05 per cent from 0.25 per cent.

Despite an initial storm most of the banks in the syndicate were expected to agree to the proposal after some modifications to soften its harshest aspect.

Not long afterward, Hydro-Quebec, the Canadian utility, also sought better terms on part of a $1.25bn loan arranged in 1980. Its approach was regarded as less controversial than that of Ireland, partly because it was seeking to renegotiate an older borrowing.

But, in the meantime, banks have also come to the painful conclusion that borrowers who feel their loans are too expensive can always pay them back early and refinance in the cheaper floating-rate note market. That means that unless requests for renegotiation can be accommodated, banks simply stand to lose some existing business as well as facing problems finding new customers for their loans.

Even though the Floating Rate note market is no longer as buoyant as it was, banks are now grimly hanging on to what they have got in the syndicated loan market in the hope that it will be enough to keep them going till better times come round again.

Battle to attract investors

THIS LAST year has been rocky for the Eurobond market and banks involved in it. Though $58bn worth of new issues were launched between May 1983 and May 1984 interest rates tended to rise rather than fall and banks were involved in a constant struggle to tempt investors into the market.

Eurobonds

MARY ANN SIEGHART

This task was made more difficult by the fact that the most popular borrowers—the top-notch U.S. corporations—stayed away from the market. U.S. borrowers only accounted for 13 per cent of the market in 1983 compared with 25 per cent the year before.

With booming equity markets, they preferred to raise what money they needed through rights issues. And because of increased profitability and generous depreciation allowances, they did not need much money anyway.

So new issue managers had the difficult task of selling Eurobonds from less interesting issuers to investors who were keener to take a punt on the stock markets instead.

The obvious solution was to issue bonds with an equity content. These were either convertibles—in which the bond itself can be converted into the borrower's shares—or bonds with warrants—where the bond pays a fixed rate of interest while the warrants can be detached to buy the shares at a certain price.

The latter were the most popular, particularly in May of last year. Prices of bonds with warrants soared and then collapsed almost as quickly. Deutsche Bank's deal, for instance, fell from a price of 120 to 104 in one day. Investors suddenly cottoned on to the fact that they were being asked to pay unrealistic prices for the option to buy shares.

Markets then went through a fallow patch in the summer. In both the dollar and D-mark sectors, interest rates crept up and prices of bonds fell. New issues were scarce and those that did appear did not excite investor interest.

The main exception was a record-breaking floating rate note (FRN) for the European Economic Community led by Credit Suisse First Boston (CSFB). At $1.5bn, it was the biggest Eurobond ever, the previous record being $1.2bn for Sweden in January of last year.

But demand was so strong that the amount was soon upped to $1.8bn. What CSFB realised was that the bigger the size of the issue, the better would be the demand. Investors are usually keen to buy floating rate notes only when they are sure that there will be an active market in the bond. The larger the issue, the more it will be traded.

It was this realisation that led to the boom in FRNs towards the end of 1983 and the beginning of this year. Over $7bn worth of new floaters were launched in the first two months of 1984, compared with $14bn in the whole of 1983. Nearly $2bn worth was launched in just one week of February.

Short-lived

One reason for their popularity was that rates were edging up and in periods of rising interest rates, it makes more sense to buy a floater, whose coupon will rise in line, than to lock into a fixed-rate bond whose price will fall.

But FRNs were also seen as attractive assets for banks who were short of lending opportunities. Instead of raising syndicated loans, borrowers flocked to the floater market and the investors or lenders followed suit.

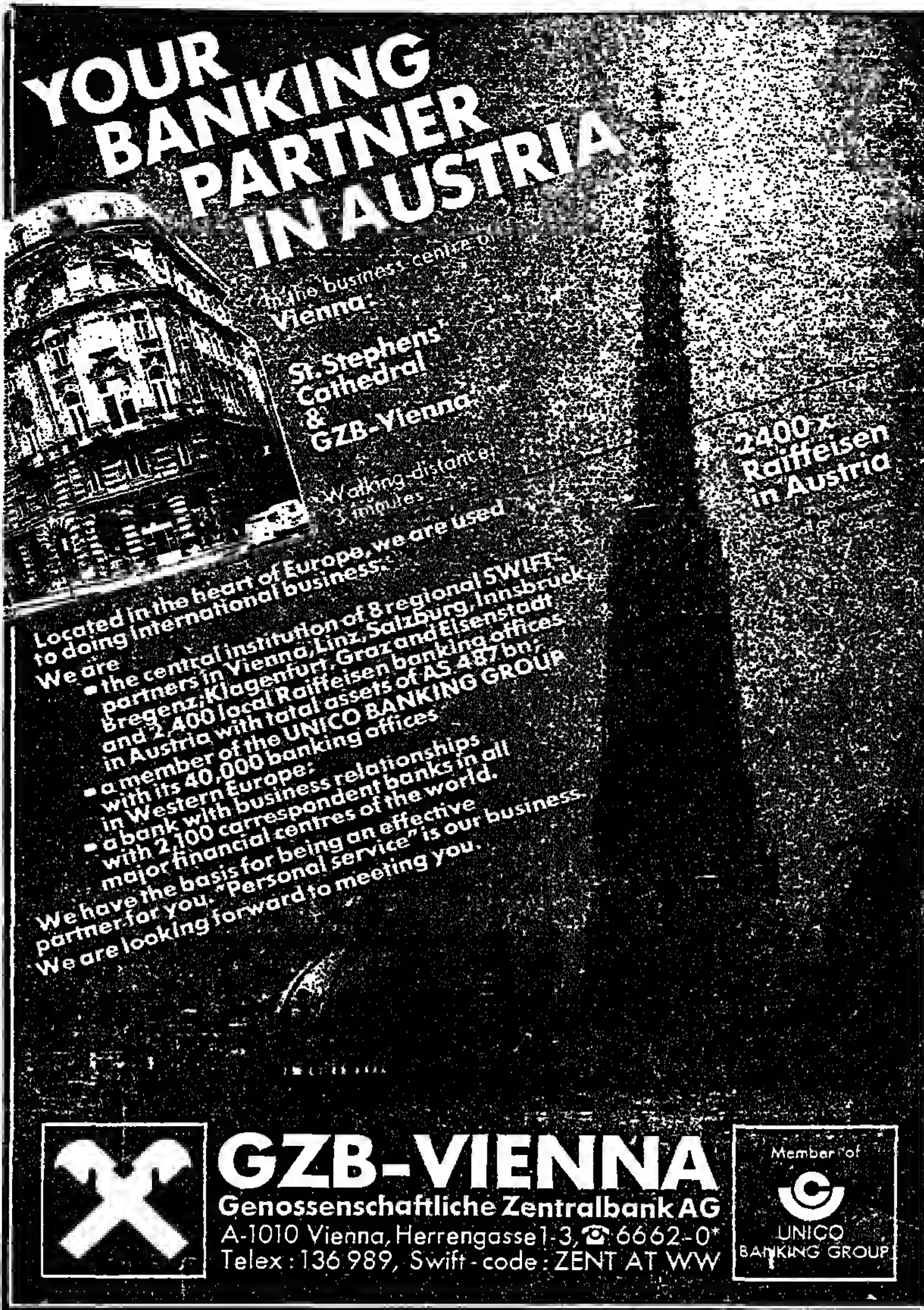
The borrowers were happy because they could raise money on cheaper terms and the lenders were prepared to accept those terms because, unlike loans, the notes were marketable.

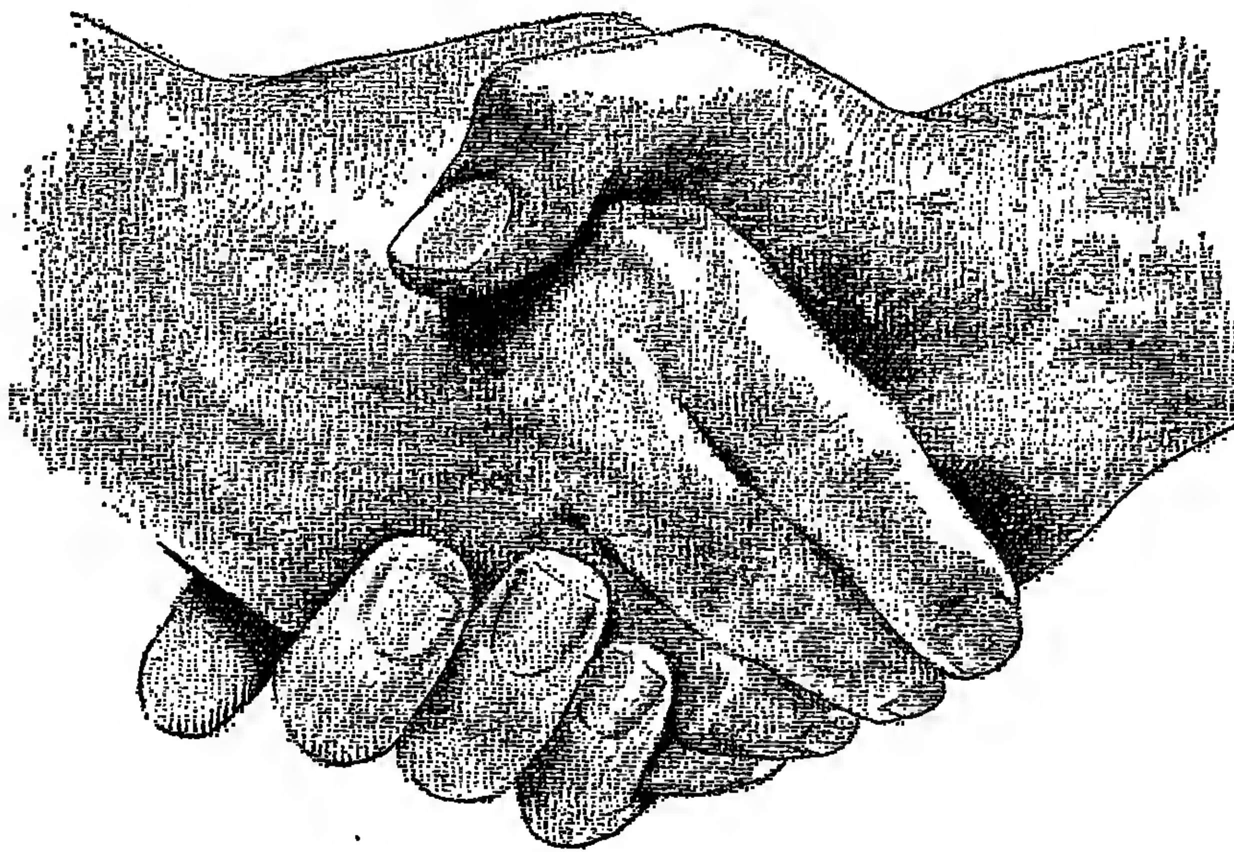
But the FRN boom could not last for ever. The margins over Libor on new issues had become so thin that investors were hardly making money. Prices started to drift downwards—not dramatically, but enough to make people realise that floaters, too, carried the potential for capital loss.

New issues slowed down to a trickle and new issue managers realised that they had to price their bonds more realistically. Now there is a limited appetite for good names, but nothing like the demand there was in February.

Prospects for the rest of the year look grim. All the pundits expect U.S. interest rates to rise, which is bad news for the Eurobond market. And if the dollar stays high, the D-Mark sector will be doubly hit.

Secondary market traders will have to read the market very carefully in order not to lose money and new issue managers will have to bank on small new issue windows opening every now and again in order to get any business done.





DEPEND on the Dutch bank on hand around the world.

Amro Bank is the Dutch international bank. With assets of over US $40 billion we are a growing force in the world of international banking. And we are steeped in that useful combination of shrewdness, efficiency and flexibility peculiar to the Dutch.

Our clients tell us that doing business with Amro is a pleasure because of the marked friendliness and expertise of our staff. We tell them that we have a policy of recruiting and retaining the highest available level of banking skills. And that the pleasant personal approach comes naturally.

Another reason for contacting us is the key position Amro occupies as a leading investment and commercial bank in Europe as well as the Netherlands. A business relationship with Amro offers an entree to trade and investment throughout Europe.

Amro is, by any standard, a major international bank. But you have to work with us to discover the full depth of our banking, and our human, resources. So why not contact us at 595 Herengracht, Amsterdam; Tel: (20) - 28 93 93; Telex: 11006 amro nl, or at 119 Coolsingel, Rotterdam; Tel: (10) 30 49 11; Telex: 22211 amro nl, or at our branches, affiliates and offices in all the world's major financial centres.

Colombo, Dubai, Hong Kong, Jakarta, London, New Delhi, New York, Singapore, Taipei, Tokyo.

Dutch, dependable and developing worldwide.

Dollar's fortunes mesmerise the world markets

Foreign exchange

PHILIP STEPHENS

Economists—and journalists—should have learnt their lesson. Predictions that the dollar is about to crash seem merely to encourage foreign exchange merkets to mark the U.S. currency higher.

The more cynical among forecasters now believe that the long-awaited fall in the dollar's value will come only when they finally convince themselves it is set to remain at present heights.

The only safe bet is that the dollar's fortunes will continue to mesmerise the world's financial markets for the foreseeable future.

U.S. interest rates, trade figures, inflation trends, the budget *deficit*, and the *presidential* elections are the indicators that foreign exchange dealers will be watching in coming months.

And if the evidence of the last few months is anything to go by they will be concentrating on the good news and shrugging off dire predictions of a collapse in the dollar's value.

Earlier this year Europe's central bankers and senior financial officials sat down to plan for the upheaval on currency markets which would result from the "inevitable" fall of the dollar.

There was even private talk of European governments cutting their interest rates if the U.S. currency's slide got out of hand.

Reaction

The reasoning seemed impeccable. With the dollar trading 20 per cent higher than two years earlier, the U.S. trade deficit widening by the minute, and the budget deficit defying attempts to trim it, international investors would take their profits and run.

The huge capital inflows needed to sustain an $80bn to $100bn current account deficit in 1984, and the inflationary impact of soaring Federal spending meant the dollar could go nowhere but down.

When a string of top U.S. officials, notably Mr Paul Volcker, U.S. Federal Reserve Board chairman, gave public voice to those fears, the markets appeared to take notice.

By February the dollar was sliding. For the first time in two years the forecasters seemed to have got it right and, forgetting all those past errors, were beginning to say: "We told you so."

Then the dollar bounced back. The analysis of the economists convinced the markets only briefly that they should abandon their most important lesson of the last two years — that the best way to make money is to buy dollars.

And above all, U.S. interest rates began to rise as the Federal Reserve tightened its monetary stance in response to the continuing surge of the U.S. economy.

Simultaneously, the differential between returns offered on U.S. investments and other foreign assets was increased, while Mr Volcker quietened, at least temporarily, fears that those returns would be quickly eroded by a rapid upturn in U.S. inflation.

Foreign exchange markets have thus re-established the link between high interest rates and the dollar which sustained the U.S. currency's rise through most of last year.

And predictions from economics gurus like Henry Kaufman of Salomon Brothers that rates could go "spectacularly higher" in the current business cycle reinforce it.

More recently, there has been growing confidence that the U.S. administration and Congress will agree at least a "downpayment" on reductions in the U.S. budget deficit.

So was the reasoning behind the almost universal forecast of a sharp dollar decline fatally flawed?

Many economists argue not. The predictions may have been premature but are still basically sound, they say.

It does seem extraordinary that the dollar can shrug off monthly trade deficits of around $10bn, and there are already clear signs of a resurgence of inflationary pressures in the economy.

Dollar assets in many international portfolios are also at historically high levels, suggesting that institutional investors should be slowing the flow of *long-term funds* into dollars.

But the financing gap which most forecasters identified at the beginning of this now seems far smaller than most predicted.

The U.S. banks have become net takers of international funds, reducing the supply of dollars available to the rest of the world, while the less developed countries of Latin America still need dollars to meet their repayments.

That, coupled with interest rate differentials in favour of the U.S. has convinced some forecasters that net capital inflows could be sufficient to sustain the dollar at a high level for the rest of this year.

A handful of economists are sticking to their prediction of a dollar crash, but most now expect a gradual decline later in the year and into 1985 as the impact of the current account deficit strengthens.

They do not discount the possibility, however, that the foreign exchange markets could decide to switch their attention to the trade deficit sooner rather than later; nor the risk that any sign that Mr Walter Mondale is making a strong challenge for the presidency could cause a rapid loss of confidence.

And the prospects for other currencies?

Most European governments, anxious to nurture economic growth, seem intent on resisting pressures to match rises in U.S. interest rates, though whether they can further "decouple" from U.S. levels is open to question.

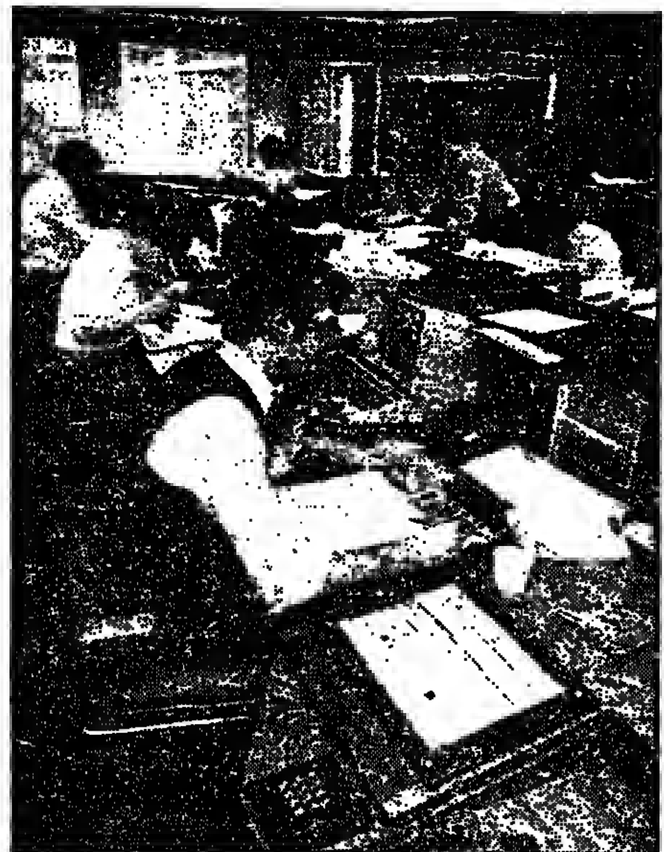
Responses

Movements in European currencies are thus likely to be essentially responses to sentiment about the dollar, but recent labour unrest in West Germany and, to a lesser extent, Britain has shown how developments in Europe can encourage dollar trends.

For most continental currencies one of the advantages of a strong dollar is that it encourages stability within the European Monetary System by weakening the value of the D-mark.

Even if the dollar does start to fall, economic convergence between the stronger and weaker EMS currencies is likely to mean that any realignment is likely to be a modest affair, with small revaluations of the D-mark and guilder, and small downward shifts for the French franc, lira, kroner and Irish punt.

Although sterling has been hit by the dollar's strength, most economists expect it to remain fairly stable against the trade-weighted basket of currencies regarded by the authorities as the key indicator of the exchange rate.



For most Continental currencies, one advantage of a strong dollar is that it encourages stability within the European Monetary System by weakening the value of the D-mark. Above: Midland Bank International dealing room in the City of London.

Why investors remain wary

Gold

PHILIP STEPHENS

LOW INFLATION, high real interest rates, booming stockmarkets and a strong dollar—there could not be a worse combination for the gold market.

And the metal's performance since its dramatic slide early last year has shown how much it has become a hostage to the economic performance of the Western world.

Flare-ups in the Middle East, tensions over nuclear missiles in Europe and guerrilla wars in Central America are no longer enough to send investors rushing into gold in times when a booming U.S. economy is leading the west into recovery.

Gold has thus been condemned to slip into the background, its lacklustre performance boosted by an occasional, but usually short-lived, fall in the dollar before it drifts lower again.

The key to its demise lies in the high interest rates offered in the U.S. in particular, and Western nations in general.

With inflation at under 5 per cent in most major economies and nominal interest rates as high as 12 per cent it is easy to see why investors shun gold.

Its disadvantage as an asset offering no dividends or interest payments has been compounded by soaring equity markets and, crucially, the seemingly unstoppable rise of the dollar.

As long as investors in U.S. securities are persuaded that a stable, or rising exchange rate for the dollar will protect their returns there is little reason to buy gold.

So what does the future hold?

Over the short-term gold's best hope of breaking out of its present price range is a sharp decline in the dollar.

That, however, appears far from certain.

Predictions earlier this year of a massive fall in the U.S. currency's value have so far proved no more than wishful thinking. Many economists now believe any decline is likely to be slow and steady.

A longer-term opportunity for the metal might come from a resurgence of inflationary pressures in world economies as recovery gathers pace.

But while there are already signs in the U.S. and other western nations that price rises will pick up towards the end of this year, only the most apocalyptic forecasts suggest anything like a return to the inflationary spirals of the 1970s.

Official gold transactions also offer little succour. The large sales by countries like Brazil, the Philippines and Portugal which have depressed prices over the last two years seem unlikely to be repeated.

But Venezuela and Argentina are both seen in the market as possible sellers in order to meet debt repayments. With oil prices still depressed, any such disposals are not expected to be matched by official purchases by Middle Eastern oil producers.

Prospects

If all this seems too depressing, there are some hopes on the horizon for those waiting to see gold regain at least some of its former glory.

The easier trend in gold prices has discouraged growth in production in many countries (although South African mines have been protected by the depreciation of the rand against the dollar). At the same time it has encouraged some pick-up in gold use for both jewellery and industry.

So even a fairly modest pick-up in investor demand should have a fairly significant impact on the price.

History is also on the side of gold. Unless the world breaks out permanently of the cyclical up-turns and recessions which have come to characterise modern economies there will always be a moment to buy gold.

It should also be noted that while the dollar price of gold is still struck below $400, its value in most other currencies has been rising in line with the dollar.

Worldwide link-ups in prospect

Financial futures

MARY ANN SIEGHART

LAST YEAR was an eventful one for financial futures. In London, the International Financial Futures Exchange (Liffe) completed its first year of trading, in the U.S., record volumes were seen, particularly in stock index contracts, and in the Far East, plans were announced to set up exchanges in Hong Kong and Singapore.

A financial future is a promise to buy or sell a financial instrument—like a bond, a currency or a basket of shares—at a fixed price within a future month. Investors can use these futures to take a view on the way the market is heading (speculation), to reduce the risk of volatility in interest rates, exchange rates or stock markets (hedging), or to take advantage of price differences between contracts or markets to make a small, virtually risk-free profit (arbitrage).

The most popular financial futures contract in the U.S., where the markets were born, is the Treasury bond contract at the Chicago Board of Trade. Last year, nearly 20m contracts changed hands, an increase of 17 per cent on 1982.

But the fastest-growing are the stock index contracts. These allow holders to bet on rises and falls in the price of shares and to hedge an equity portfolio. If a fund manager, for instance, thinks the market will fall, he can sell a futures contract instead of having to sell off some of his shares (and lose the dividend income they bring).

If he is right and the market does fall, he will probably lose money on his shares, but should be compensated for this by making a profit on the futures contract.

Last year, trading in the S & P 500 index on the Chicago Mercantile Exchange reached 8m contracts, an increase of 176 per cent on the year before. A new contract—the S & P 100—was launched and the success of these contracts has led to the launch of all sorts of spin-offs, options on stock index futures, stock index options and contracts on sub-indices, or sectors of the stock market.

The U.S. authorities are keeping a close watch on these new instruments. The Securities and Exchange Commission, the Commodities Futures Trading Commission and the Federal Reserve Bank are conducting a major study of the new products. At the same time, the SEC and CFTC are acting to slow their growth and tighten the provisions for approval.

In January, they issued guidelines for the approval of sub-index contracts. The index must contain at least 25 shares and the total market capitalisation of the companies involved must be at least $75bn.

Arguments

But these new regulations have given rise to heated arguments. The CTFC rejected five sub-index contracts planned by the Chicago Board of Trade. As a result, the exchange has initiated a law suit challenging the rules, which it describes as "arbitrary and capricious."

Liffe had problems of a different sort with its new stock index contract, based on the Financial Times—Stock Exchange 100 index, which calculates the prices of 100 leading shares once a minute.

There were problems with the treatment of the contract for stamp duty purposes and the tax treatment of many users in the UK is still uncertain.

Nevertheless, 1277 FT-SE contracts changed hands on the first day of trading in May and Mr Michael Jenkins, chief executive, expects the volume to rise to 2,000 a day by the end of the year. This obviously does not compare with Chicago volumes, but Liffe is only 18 months old and the British are not yet really used to the concept of financial futures.

Worldwide link-ups may soon be possible as the Chicago Board of Trade hopes to trade the FT-SE 100 contract and Liffe will introduce a compatible Treasury bond instrument.

Meanwhile, the Hong Kong Commodity Exchange hopes to start trading a stock index futures contract this year and the Singapore International Monetary Exchange (Simex) also expects business to begin before the end of 1984.

Navigator

The merchants who pioneered trade routes to the East faced many unknowns. Today, successful navigation in Asian waters still demands patience, skill and local knowledge.

HongkongBank has acquired such expertise through more than a century of service to the development of Asian trade and commerce.

This expertise has also provided the momentum for the Bank's expansion into one of the world's largest international banking groups, with more than 1,000 offices in 55 countries.

Such capability allows HongkongBank to respond to your banking needs quickly and effectively, in Asia and around the world.

HongkongBank will give you access to a range of financial services which will help you chart a continuous course to success.

Write to us now at our London Office, 99 Bishopsgate, London EC2P 2LA, or contact us at any of our offices in Birmingham, Edinburgh, Leeds or Manchester.

HongkongBank

The Hongkong and Shanghai Banking Corporation

Marine Midland Bank • Hongkong Bank of Canada • The British Bank of the Middle East Hang Seng Bank Limited • Wardley Limited Wardley London Limited

Fast decisions. Worldwide.

CONSOLIDATED ASSETS AT 31 DECEMBER 1983 EXCEED US$60 BILLION.

If you want to be successful in the Arab world talk to the only international banking group supported by every Arab country.

The correspondence of the great Abbasid Caliph Harun al-Rashid with Charlemagne was an early example of Arab initiative in bridging East and West.

DINAR OF HARUN AL-RASHID (c.789 AD)

UBAF LONDON

UBAF BANK LIMITED, P.O. BOX 169 C.U. BUILDING, ST HELENS, 1 UNDERSHAFT, LONDON EC3P 3HT TELEPHONE: 01-623 1066 TELEX FOREIGN EXCHANGE: 885653/4/5 ADMINISTRATION: 886226.

SHAREHOLDERS: UBIC NEDERLAND B.V. · MIDLAND BANK plc · LIBYAN ARAB FOREIGN BANK

Rapid changes are sweeping through the financial systems of the U.S. and Canada following reforms, and the advent of new technology and competitors

Major banks spearhead era of massive re-organisation

The U.S. financial services industry is in the midst of a period of sweeping structural, regulatory and competition-driven change. The major U.S. commercial banks are in the forefront of this massive re-organisation.

The U.S.
PAUL TAYLOR

For half a century the business of banking in the U.S. has been governed principally by two twin regulatory pillars—the Glass-Steagall Act separates commercial banking from insurance and the securities industry, and the McFadden Act which restricts interstate banking.

Within this regulatory framework the U.S. banking industry, with notable exceptions, has flourished. With over 14,000 banks across the nation, America has been called "the most over-banked nation in the world."

But under the impact of interest rate deregulation, new products and new competitors this cosy framework is crumbling. Today, it is possible to buy car insurance in a Bank of America branch in California, sell stocks through most major bank branches, withdraw funds through nationwide automated teller machine (ATM) networks or arrange a mortgage in California, Florida or Illinois from the New York-based Citicorp group.

The lifting of virtually all interest rate ceilings throughout the industry over the past two years has fundamentally changed the nature of consumer banking in the U.S. and fuelled the search by U.S. banking groups for a larger deposit base and loopholes in existing legislation which will allow them to offer a wider range of products.

As a result most senior bankers and industry experts see substantial further deregulation — with or without congressional action—by the end of the decade.

Divisions

But, despite this, the banking industry, the regulators, individual state legislatures and congress remain divided over the fundamental issues that deregulation raises. Specifically, the industry is split over whether product deregulation—the ability to offer an extended range of products through a bank branch network—should take precedence over federal action to more clearly define what is a bank and where in the U.S. a bank can operate.

The smaller banks, fearful of the power of the money center banks, generally see product deregulations as the priority while the major banks are most keen to expand the geographic boundaries.

In the midst of it all, the regulators are trying to work out a new framework governing spheres of influence and responsibilities.

● Product deregulation. While Congress mulls over bills which would expand the powers of banks, some states, most recently New York, are steaming ahead with state laws which would allow banks to provide insurance and other financial services.

Banks such as Bank of America—which earlier this *year allowed an insurance* company to set up "offices within branches"—Security Pacific and Citicorp are already exploiting loopholes in the existing legislation. Most major regional banks now provide discount brokerage services, either in house, or through an intermediary.

In the meantime, the insurance and securities industries Sears Roebuck, Prudential, Bache and American Express now offer a full range of financial services including, in many cases, banking. In March, the life insurance, securities and mutual fund industries took the unprecidented step of issuing a joint statement calling on Congress and bank regulators to halt the move to concentration of power in the *hands of* large banks.

"We will work to defeat legislation which would intermingle banking and commerce," the statement said.

● Interstate banking: many of the big U.S. banks have begun to break down the traditional barriers to interstate banking in one or more of four specific ways:

1—The big banks have been eager to gobble up financially troubled out of state organisations. For example, California-based BankAmerica acquired the Washington State Seafirst Bank last year and Citicorp has acquired troubled savings and loan associations in California, Florida and Illinois.

2—New rulings by federal regulators have opened the way for the major banks to open a string of "non-banks"—able to accept deposits and provide a wide range of other services including personal but not commercial loans.

A federal reserve board ruling in March opened the way for banks led by Mellon National to open non-bank branches across the U.S. Almost all of the major U.S. banks have seized the opportunity and followed suit.

3—In New England state legislatures have enacted legislation allowing the merger or acquisition of local banks by out of state banks provided the acquiring bank is based in a state with similar "reciprocal" legislation.

The legislation, which is still being challenged in the courts, appears to open up the way for limited regional networks allowing local banks to build-up their *strength ahead of the expected* onslaught of the money centres when federal legislation permits.

Automation

In the south east and midwest and mountain states similar regional banking legislation is being prepared.

4—Electronic banking. There are more than 35,000 automated teller machines in operation today in the U.S. and a growing number are linked together through shared networks providing access to one bank from a machine owned by another bank.

In addition, at least 20 U.S. banks, including Citibank, Bank of America and Chemical Bank are offering electronic banking via home computers.

These industry initiatives are forcing banking regulators and congress to rethink their roles and strategies in a changed marketplace. Earlier this year a presidential commission led by the vice president recommended sweeping changes to the regulatory framework.

In Congress, the bank regulators are lobbying hard—but not always together—for new laws which would clearly define what a bank is, the products it can offer and the geographic boundaries within which it can do business.

So far, these legislative changes have been dogged by infighting among the regulatory bodies, the different priorities within the industry itself and poltical sensibilities in a presidential election year. But, nevertheless, few doubt that legislative change will come—matching what has already been achieved "by the back door."

In the meantime, the U.S. banks have other and more immediate problems. Recent figures from the Federal Deposit Insurance Corporation (FDIC) showed that before including losses or gains from securities trading U.S. bank profits fell by 3.3 per cent to $14.99bn last year—the second decline in a row under the pressure of substantially higher non-performing loans and loan write-offs.

The patchy performance of the U.S. banks—where the medium-sized regionals have generally continued to outperform either the majors or the smaller banks—was again apparent in the first quarter results with only eight out of the top 15 banks managing to post earnings improvements.

Bank stocks remain at depressed levels—often selling at substantially below book value. In part, this reflects the U.S. banks' heavy exposure to the problem of less developed countries. For some of the major U.S. banks their Latin American LDC loan portfolio represents over 200 per cent of their equity and has led the regulators to force the U.S. majors to improve their primary capital ratios.

For many Wall Street analysts the problems that LDC debts pose to the U.S. majors have been postponed rather than resolved. The spectre of a major banking crisis remains—particularly if U.S. interest rates continue their recent upward trend.

Higher U.S. interest retes could affect not only the LDC debt burden but also the U.S. banks' currently booming domestic consumer and business lending. U.S. bank performance is still heavily dependent on the general U.S. economy—and federal reserve board policy.

But the *crucial factor* determining which banks survive and prosper in the new environment could be their ability to control the costs of delivering new services and products—particularly through the use of automated electronic back-office systems, an area in which industry experts believe many U.S. banks are still lagging.

Cost factor

Salomon Brothers's senior bank analysts published a major report on electronic banking in the U.S. last month. In it, they concluded: "Financial institutions in the U.S. are undergoing profound structural change. In the commercial banking industry the costs associated with the deregulation of products, prices and territorial constraints are only now beginning to be felt.

"We believe that the most successful banking organisations in the future will be those capable of delivering products and services at the lowest effective cost.

"In this respect, bank operations and systems will be of paramount importance. In our opinion, bankers must strategically address and plan the various elements of electronic banking in an integrated fashion to compete and thrive in the coming decades."

Outsiders make the running

IN DAYS gone by, Canadian bankers were relieved that contentious and protracted negotiations to revise the country's banking law came around only once every ten years.

But events in the financial sector are now moving so fast, and the rules becoming so blurred, that many would readily agree to have the law changed more often if that helped remove some of the clouds hanging over the banks.

Canada
BERNARD SIMON

Despite the much-publicised entry of Toronto-Dominion Bank into discount brokerage earlier this year, the banking industry as a whole has been left in the dust of the scramble among financial institutions to expand their services.

Furthermore, Canada's 13 chartered banks are losing some of their most valuable business to the rapidly growing foreign banking community.

Under a proposed amendment to the Bank Act (the first that bankers can remember between the usual ten-year reviews), the 58 foreign banks will, in future, be allowed to expand their assets to 16 per cent of the total for the banking system, compared to the present ceiling of 8 per cent, against which several are already bumping.

Mr Robert Mackintosh, president of the Canadian Bankers' Association, says bluntly that domestic banks "are on an unlevel playing field, and we're on the lower end."

What's more, he complains that "lots of the other players are saying that we're on the higher end."

The tilt, from the banks' point of view, may become even more pronounced over the next few months. McCarthy Securities, a Toronto-based firm of investment dealers, forecast recently that this year's upturn in North American interest rates "could initiate increased competition by some financial service companies in order to gain low market share."

Bank shares have performed poorly on the Toronto Stock Exchange as analysts advise investors against raising their exposure to this sector of the market.

The banks comprise one of what are frequently termed the "Four Pillars" of Canada's financial system.

The other three are the trust and loan companies, whose activities consist mainly of mortgage lending, and executor and trustee business; insurance groups; and investment dealers, traditionally concentrating on stockbroking and underwriting corporate debt and equity issues.

The banks are concerned that they are having to carry a heavier load than the other three pillars, giving them less flexibility to respond to a fast-changing environment.

Alone among the four sectors, they have to maintain non-interest bearing cash reserves and pay deposit insurance premiums. They are restricted by legislation from moving into new spheres of business, and their disclosure requirements are more stringent. But with total assets of C$365bn (about £203bn or U.S.$281bn) at the end of January and with a powerful international presence, the banks are by far the most potent of the four pillars.

Banks slipped up during the last review of the Banks Act in the late 1970s by not pushing harder for access to a wider spectrum of operations.

While they succeeded in moving into the mortgage business and consumers credit in the 1950s and 1960s and, more recently, into factoring and leasing, they have stopped short so far of lobbying for fiduciary powers, such as those enjoyed by the trust companies, or the right to underwrite corporate debt instruments and equity issues.

Meanwhile, the other "pillars" are expanding rapidly. All five major banks, except Toronto-Dominion, have lost market share in demand deposits, the cheapest form of funding.

By contrast, the trust companies, helped by the concentration of their branch networks in heavily populated Ontario, are gaining.

One of the largest trust companies, Canada Trustco, whose services now range from cheque accounts to consumer finance and a wide range of savings instruments, has raised its share of the demand deposits placed with the country's biggest five banks and three trust companies from 4.3 per cent in 1981 to 5 per cent last year.

Investment dealers are slowly moving into quasi-banking activities by taking deposits on margin accounts and creating versatile money market funds for their clients.

Competitors

Bankers also worry at signs of growing co-operation among their competitors. Two of Canada's largest companies, Brascan and Power Corporation, have restructured their financial service subsidiaries in the past few months to bring insurance and trust operations together under a single holding company.

In Quebec, the provincial government is trying to fragment the four pillars, apparently in the hope of attracting more investment by financial institutions and bolstering the ability of local companies to compete against the Toronto-based banks.

Some bankers are nervous that a drive to give them more elbow room may prove counter-productive by further stirring up resentment against what are seen in some quarters as powerful, money-grabbing institutions which put Canada's interests behind their own.

A recent "revelation" that the Bank of Montreal is hiring several dozen foreigners, mainly Americans, was sufficiently controversial to provoke questions in Parliament.

In any case, many bankers still believe that they should stay out of corporate underwriting to avoid conflicts of interest in their dealings with customers.

Nonetheless, they are examining new openings. Mr Mackintosh observes that banks "are now beginning to feel, perhaps for the first time, that the only thing to do is to go after broad powers themselves."

Among the areas being explored are portfolio and pension fund management, trust business and selling insurance.

A committee was formed earlier this year to advise the federal Government on the desirability of allowing a further overlap among the activities of the various institutions.

Banks would like the group to recommend that institutions be regulated according to their activities rather than their structure, as is the case at present.

But the chances of the committee agreeing on specific proposals are reduced by the participation of two representatives from each of the four pillars.

Canadian banks have fared tolerably well during the recession. Though assets have stagnated, profits in some cases have risen, despite high interest rates and the banks' exposure to a raft of troubled borrowers, ranging from Dome Petroleum to Latin American countries.

The rub, however, is that the trust companies have performed better. Their profits jumped by an average of over 50 per cent last year, compared with a drop of around 1 per cent for the chartered banks.

PERFORMANCE OF FIVE MAJOR CANADIAN BANKS
(Quarter ended January 31)

	* Assets (C$bn) 1984	1983	Net Income (C$m) 1984	1983
Royal Bank	83.5	86.9	129.2	112.4
Canadian Imperial Bank of Commerce	68.0	68.3	64.9	74.2
Bank of Montreal	63.5	63.5	76.6	74.4
Bank of Nova Scotia	53.0	53.7	90.3	102.8
Toronto Dominion Bank	42.6	44.6	85.4	85.6

* At end of period.

BANCO DI ROMA:
THE BEST WAY TO REACH ITALY.

Banco di Roma, with its network of branches and agencies in 30 countries and 5 continents, is attuned to the needs and requirements of today's business world. Its expert staff can immediately help you solve any problems you may have wherever they arise.

All its services are backed by 100 years of experience and by a reputation of which Banco di Roma is justly proud.

Thanks to its first-hand knowledge of the Italian market and resources, Banco di Roma can offer a full range of services to all businessmen who have commercial relations or affiliates in Italy. Credit information, financial know-how, advice on investments and sales of lire at the most competitive rates are only some of the services available.

Italian goods, Italian industrial products, important Italian projects and technology: Banco di Roma has the key to all of these.

And when you deal with Banco di Roma, you receive more than just the services of a great international bank, you get the warm and open-hearted touch of Italy.

BANCO DI ROMA
ONE OF THE GREAT INTERNATIONAL BANKS.

INTERNATIONAL PARTNERS: BANCO HISPANO AMERICANO, COMMERZBANK, CREDIT LYONNAIS.

Delivery, based on expertise, experience and resources.

بنك أبوظبي الوطني
NATIONAL BANK OF ABU DHABI

U.A.E. Head Office: Sheikh Khalifa Street, P.O. Box 4, Abu Dhabi, United Arab Emirates. Telephone 335262. Telex 22266 MASRIF EM
City Branch: 90 Bishopsgate, London EC2N 4AS. Telephone: 01-626 8961. Telex: 8812085 MASRAF G
West End Branch: 2 Albert Gate, Knightsbridge, London SW1X 7PE. Telephone: 01-235 5100. Telex: 896867 NBADWEG

Abu Dhabi, Ajman, Al Ain, Alexandria, Bahrain, Cairo, Dibba, Dubai, Fujeirah, Khartoum, Khor Fakkan, London, Muscat, Muttrah, Paris, Port Sudan, Ras Al Khaimah, Sharjah, Shanghai, Tokyo (Rep. Office), Tunis.
Washington D.C. Abu Dhabi International Bank Inc. (ADIB) a wholly-owned subsidiary.

CREDIT AGRICOLE THE AGRIBUSINESS BANK

Chief Executive and Managing Director: Jacques Bonnot
Deputy Chief Executive: Michel Bon
Head of the International Division: Serge Robert

Offices in France

• 13,000 offices throughout France

Offices abroad

EUROPE

• **Frankfurt** – West germany
Representative Office
Tel.: (611) 74.07.46
Telex: 412.409

• **Madrid** – Spain
Representative Office
Tel.: (1) 456.14.64
Telex: 43611

• **Milan** – Italy
Representative Office
Tel.: (392) 805.72.78
Telex: 4331515

Offices abroad

AMERICA

• **Chicago** – The United States
Full Branch
Tel.: (312) 372.92.00
Telex: 283.594

• **New York** – The United States
Limited Branch
Tel.: (212) 223.06.90
Telex: 126.561

• **Caracas** – Venezuela
Representative Office
Tel.: (2) 33.07.75 – 33.98.82 – 33.84.97
Telex: 24544

Member of the Unico Banking Group

CRÉDIT AGRICOLE

91-93, bd Pasteur – 75015 Paris – France – Tel.: (1) 323.52.02
Télex: 203.555 – Swift: AGRI FR PP Cable: CACREDI

to develop your business with good prospects look for a leader

finance for industry

Paid-up capital and legal reserves: 1,359.8 billion lire
Allowances for losses: 749.5 billion lire

ISTITUTO MOBILIARE ITALIANO

Public Law Credit Institute
Head Office: ROME – Viale dell'Arte, 25 (Italy)

Representative Offices abroad: LONDON EC 4R OBE, 8 Laurence Pountney Hill – ZURICH 8022, Glärnischstrasse 30, Postfach – BRUSSELS 1050, 67 rue de la Vallée, BTE 7 – WASHINGTON 20036 D.C., 21 Dupont Circle, The Euram Building – MEXICO CITY 06500 D.F., Paseo de la Reforma 195, Despacho 1301.

Regional Offices in Italy: Milan, Turin, Genoa, Padua, Venice, Bologna, Florence, Rome, Naples, Bari, Catania.

WORLD BANKING 8

Regulation

Bank supervisors are striving for more co-ordination in the regulation of international banking to improve control, achieve better competitive equality are harmonise matters such as tax and loss reserving.

Moves to bolster capital bases

CRISIS may strike terror in the hearts of anyone close to hanking. But if the shocks of the past couple of years have done any good, it has been by forcing through changes in bank supervision in most of the big lender nations.

Loopholes are being plugged, capital adequacy standards raised, and further strides have been taken towards that elusive goal of a system of international bank supervision that can cope with a banking industry that knows no borders.

Changes in supervision

DAVID LASCELLES

Much nf it, unfortunately, smacks of locking the stabla door after not just one but a whole berd of borses has bolted. The tightening up nf the Basle Concordat, the international bank supervisors' creed, followed rather than averted the 1982 Ambrosiano Bank scandal; the Germans are only now enacting new bank laws which could have prevented last year's Schroeder Muenchmeyer Hengst crisis. And there is still a widespread suspicion that the LDC crisis might bave been nipped in the bud if supervisors bad been more alert and willing to criticise.

This is specially so in the U.S. where Congress rapped bank supervisors for their poor handling of the LDC crisis last year and enacted new controls over international bank lending which pre-empt some of their powers. Mr Paul Volcker, the Fed chairman, not surprisingly, fought bard against them. The regulations now state just when and bowa bank must set aside provisions against shaky foreign loans, and force the banks to give even more details of their international exposure than they had to already.

Argument

Banking critics in other countries would like to see similar measures, believing in the health-giving effects of disclosure. But the acceptance of U.S. standards internationally seems unlikely—at least in the foreseeable future.

Outside the U.S. there is a clubbishness about bank-supervisor relations which fosters secrecy, but also avoids some of the antagonism between U.S. banks and the authorities.

Nevertheless, supervisors in other countries such as the UK, Germany and Jepan, have been fairly stern with their banks over the handling of LDC debt by urging prudence and, if necessary, dividend restraint to free more funds to build up bank reserves.

As a result, 1983 bad debt provisions are up quite sharply; Japan has also introduced a formal list of problem countries whose loans must be written down. But aside from cases of banks badly hit by special problems (like the German banks or Midland of the UK and Crocker), dividends have been rising nicely.

At the same time, supervisors have pressed banks into bolstering their capital bases, and appear tn bave reversed the deterioratinn that bad been going on for years.

In the U.S., banks were obliged to raise the ratio of "primary" capital (a measure of their own funds) to total assets to at least 5 per cent by the end of last year. Several were already above that level, but many were in the 4-5 per cent range, meaning they had to raise more capital or retain a bigger chunk of earnings.

The Fed is unlikely to stop there. Mr Volcker has already said he would like to see an even higher ratio, while banks that do something out of the ordinary (like buying ailing institutions as a way into a new market, or making large acquisitions) have to boost their capital still more as a condition for regulatory approval.

The British banks bumped up their capital too (though their efforts have been thwarted by the Thatcher Government's decision to end leasing tax privileges, which will land them with a reserve-draining £1.8bn tax bill). Even the government-owned French banks are being pushed by the Banque de France to get their balance sheets into better shape. The Japanese banks still look thinly capitalised by international standards, though comparisons are not flattering because of accounting differences.

Improved supervision has not always meant more supervision, of course. The Third World debt crisis has called for a finely judged balance between toughness and understanding on the part of bank supervisors, to force more discipline on the banks without scaring them away from supporting financial rescue packages for ailing LDC's.

Weak spots

In the U.S., the banking authorities coupled their drive for more capital with a promise not to criticise banks whose backing for IMF-sponsored adjustment programmes left weak spots in their balance sheets. They may not have said so in so many words, but other national supervisors have indicated the same thing to their banks.

Belated though some of these steps have been, they have left the banking industry in much better shape to cope with the lingering stresses of the world banking crisis. With stronger capital ratios, better padded loan loss reserves and—at least in the U.S.—fewer opportunities to conceal mistakes from shareholder scrutiny, any bank that got through the past two years, however battered, can afford to be a bit more optimistic about the next two.

This view seems to be shared by the Bank of England which, like most central banks, is wary of sounding complacent about anything. In its latest Quarterly Bulletin it said:

"New money will continue to be needed by a number of countries; but as long as this is proportionately less than the increase in banks' capital, the vulnerability of banks to problems in these countries will gradually fall."

But, if supervisors are tightening up in their own countries, the harmonisation of supervision still has some way to go. The Basle Concordat in its beefed up form spells out more clearly supervisors' responsibilities for their own banks, their foreign subsidiaries, and foreign banks operating within their jurisdiction. (Ambrosiano "fell through the cracks"). But, while this arrangement shores out watchdog roles, it does not address the fact that some countries supervise their banks better than others.

Poorly supervised centres become havens for the unscrupulous, which the reputable centres can only cope with by ostracising them. Different standards of supervision, even among the reputable centres, also create competitive inequalities between banks fighting for business in the same international marketplace.

Despite years of discussion, officials have still to agree on a definition of capital, and until they do there will never be accord on capital adequacy, the key measure of a bank's financial strength. Supervisors seem to agree though, that a bank's balance sheet should be evaluated by weighting its assets according to how risky they are, rather than simply totting up the figures.

Banking supervision and accounting is also being harmonised within the EEC: by the middle of next year, all banks will be supervised on a consolidated basis, which will make it harder for them to get round regulations by channelling business through obscure foreign subsidiaries. By the late 1980s there should also be a bank accounts directive laying down minimum standards of bank reporting, and setting rules for controversial matters like hidden reserves.

Before long, governments will also have to tackle prickly questions like the tax treatment of loan loss reserves which vary widely from country to country and greatly affect profitability, and whether banks engaged in risky businesses like securities trading should be made to carry more capital.

In the U.S., Mr Paul Volcker, the Fed chairman, would like to see a higher ratio of "primary" capital to total assets.

BASLE CONCORDAT

Division of supervisory responsibility for foreign banking establishments.

Besponsibility for:

● Liquidity of:
Branch, beld by H*
Snbsidiary, beld by H*
Joint Venture, beld by H*

● Solvency of:
Branch, beld by P†
Subsidiary (Shared)
Jnint Venture, beld by "country of incorporation."

* H-host authority.
P-parent anthority.
† P fnr "group as a wbole."

U.S. BANKING: YEAR ENDING DEC. 1983

	Assets $bn	% change on year (decrease)	Net income $m	% change on year (decrease)	Loss provision $m	Loan loss reserves as % of total loans	Non-performing loans $m	Primary capital ratio (%)
Citicorp	135	+ 4	860	+19	520	0.86	2,100	5.1
Bank America	121	(− 1)	390	(−15)	658	1.25	3,314	5.05
Chase Manhattan	82	+ 1	430	+40	285	1.01	1,900	5.48
Manufacturers Hanover	64	+ 1	337	+14	228	0.90	832	5.01
J. P. Morgan	58	(− 1)	460	+17	230	1.43	557	6.97
Chemical N.Y.	51	+ 6	306	+27	166	1.11	876	5.52
First Interstate	44	+ 9	247	+12	216	1.36	1,321	5.84
Continental Illinois	42	(− 2)	108	+39	395	1.21	1,900	5.69
Security Pacific	40	+ 9	264	+13	156	1.18	865	5.4
Bankers Trust	40	(− 1)	254	+26	80	1.03	558	5.64
First Chicago	36	+ 1	184	+34	150	0.98	854	5.67
Wells Fargo	27	+ 9	155	+11	121	0.98	748.6	5.67
Mellon National	26.4	+30.6	184	+37	52	1.56	539	6.08
Crocker National	23.4	(− 6.2)	(−10.4)	n.a.	173	1.50	773	5.83
Marine Midland	22.9	+13	101	+76	85	1.16	383	5.97

n.a.—not available

Research: Rivka Nachoma

U.S. BANKING: FIRST QUARTER, 1984

	Assets at 31/3/84 $bn	% change on year (decrease)	First quarter net income $m	% change on year (decrease)	First quarter 1984 loan loss $m	Loan loss reserves as % of total loans 31/3/84	Non-performing loans 31/3/84 $m	Primary capital ratin (%) 31/3/84
Citicorp	141.8	+11.0	223.0	(− 5.0)	81.0	0.86	2,300	5.09
Bank America	121.5	+ 2.0	101.1	(−16.0)	105.7	1.22	4,017	5.04
Chase Manhattan	81.8	+ 4.0	102.5	(− 3.0)	75.0	1.04	1,640	5.98
Manufacturers Hanover	64.8	+ 8.7	84.0	+ 2.3	62.5	0.91	1,000	5.53
J. P. Morgan	59.8	+ 0.8	146.0	+23.9	45.0	1.49	675	7.01
Chemical N.Y.	53.0	+14.3	81.3	+13.7	33.1	1.10	899	5.47
First Interstate	42.6	+ 6.2	63.7	+ 9.5	45.0	1.33	1,145	6.18
Bankers Trust	42.3	+ 7.2	69.2	+13.0	45.0	1.27	685	5.55
Continental Illinois	41.4	(− 1.5)	29.4	(− 5.8)	140.0	1.32	2,300	5.84
Security Pacific	40.0	+ 9.0	67.9	+11.0	46.4	1.21	881	5.48
First Chicago	35.9	+ 2.9	49.8	+15.0	47.5	0.99	902	6.27
Wells Fargo	26.6	+ 5.0	40.0	+16.0	31.3	0.98	739	6.20
Mellon National	26.4	+31.8	33.0	(−14.5)	17.2	1.56	448	6.20
Crocker National	24.7	(− 6.4)	120.8	n.a.	147.6	1.76	880	5.62
Marine Midland	24.2	+19.0	22.6	(− 3.5)	18.3	1.13	430	5.42

n.a.—not availabla

Research: Rivka Nachoma

BANCO DI SANTO SPIRITO

ESTABLISHED 1605

Registered and Head Office in Rome

1983 balance sheet

assets	(billions Lire)
— Cash and funds with Central Bank	1.562,5
— Securities and investments	3.601,6
— Portfolio, current accounts and contango loans	7.395,4
— Other items	1.437,5
— Contra accounts	13.642,4
	27.639,4

liabilities	
— Capital, reserves, profit brought forward	467,1
— Deposits, etc.	12.468,5
— Funds for provisions and write-offs	214,9
— Other items	820,4
— Net profit for the year	26,1
— Contra accounts	13.642,4
	27.639,4

The shareholders meeting, held in Rome under the chairmanship of Mr. Giosuè Ciapparelli, has approved the balance sheet at 31st December 1983, which shows a profit of Lire 26,1 billion (+22,5%), after transfers to reserves and write-offs totalling Lire 124,4 billion.
The meeting approved the payment of a 17% dividend, the transfer of Lire 11,5 billion to ordinary reserve, the creation of a "Revenue Reserve Fund" of Lire 2,5 billion and the increase by Lire 2 billion of the "Fund for the purchase of the bank's own shares".
Total funds amount to Lire 483,3 billion and will total Lire 511,3 billion once the increase in capital, which is now taking place, has been completed.
Total deposits reached Lire 12.468 billion (+21,1%), of which Lire 7.549 billion (+15,4%) was received from customers.
Total credit granted grew to Lire 7.395 billion (+23,4%) and credit to customers to Lire 3.482 billion (+12,9%), which is within the limits recommended by the Monetary Authorities, deposits and loans in foreign currencies increased by more than 45%. Total deposits in foreign currencies of the bank and of its subsidiary Banco di Santo Spirito (Luxembourg) S.A. reached US$ 1,75 billion.
In 1983 new branches were opened at Foggia, Ercolano and Trani and a Representative Office in Frankfurt.
The meeting elected the Board of Directors and the Board of Auditors for the years from 1984 to 1986.
Their composition, after deliberation of the Board, is as follows: Board of Directors: Giosuè Ciapparelli, chairman; Gianfranco Imperatori, Rodolfo Rinaldi, vice-chairman; Mario Are, Renato Caesero, Umberto Granati, Mario Piovano, Pietro Rastelli, Alberto Righi. Board of Auditors: Sergio Melpignano, chairman; Costantino Leggeri, Alfredo Pariel, auditors; Renato Carafa, Aldo De Chiara, alternates.

The dividend is payable, against coupon n. 4, from the 17th of May 1984 at all branches of the bank and at Banca Commerciale Italiana, Credito Italiano, Banco di Roma, Banca Nazionale del Lavoro, Banca Popolare di Milano, Banca Popolare di Novara and Istituto Bancario San Paolo di Torino.

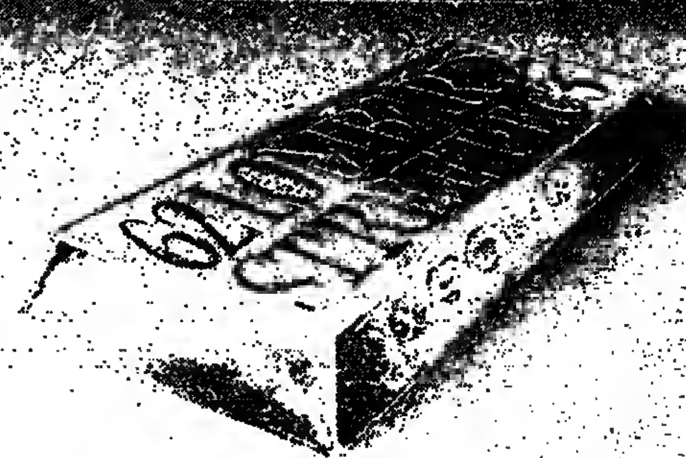
(GRUPPO IRI)

Solid Gold

Banking Hall and Office Accommodation at the World's Number 1 Banking Address

Approx 29,400 sq ft net

TO LET



SPEYHAWK LAND AND ESTATES LIMITED

Joint Agents:

Chestertons Chartered Surveyors 01-248 5022

DRIVERS JONAS 01-930 9731

Wright Oliphant Tribe 01-623 2546

Head Office: Turin, Italy.
One of the oldest Italian credit institutions, dating back to 1563.
Established as a Public Law Bank.
Authorized to perform the full range of services typically rendered by a commercial bank.
Capital Funds: 2,051 Billion Lire.
Deposits, Mortgage Bonds and other Bonds: 28,552.3 Billion Lire.
Over 360 Branch Offices in Italy.
Foreign Branches: Amsterdam, Frankfurt, London (Licensed Deposit Taker), Los Angeles, Munich, New York
Representative Offices: Paris, Zurich.
Foreign Subsidiaries: First Los Angeles Bank, Los Angeles - Sanpaolo Bank (Bahamas) Ltd., Nassau -
Sanpaolo-Lariano Bank S.A., Luxembourg.
Services performed through Italian Subsidiaries and Associated Companies:
• Domestic and International leasing operations
• Fiduciary activities - Management consulting
• Auditing
• Financial Services in domestic and foreign trade
• Economic analysis and research activities

SANPAOLO BANK
ISTITUTO BANCARIO SAN PAOLO DI TORINO

MONTE DEI PASCHI DI SIENA
BANKING GROUP

MONTE DEI PASCHI DI SIENA
the oldest Bank in the world founded in 1472
BANCA TOSCANA
Florence - established in 1904
CREDITO COMMERCIALE
Milan - established in 1907
CREDITO LOMBARDO
Milan - established in 1920
ITALIAN INTERNATIONAL BANK Ltd.
London - established in 1972

AT YOUR SERVICE IN ITALY AND EVERYWHERE

713 BRANCHES OF THE "GROUP" IN ITALY
MONTE DEI PASCHI DI SIENA
Branch in NEW YORK
Representative offices in
FRANKFURT AM MAIN, LONDON, SÃO PAULO, SINGAPORE
MONTE DEI PASCHI GROUP
Representative office in CAIRO

Liberalisation of financial markets—a consequence of the spread of new technology—is creating exciting opportunities for banks across Europe. Governments are maintaining an increasingly watchful presence, however.

Huge changes in progress

Britain

DAVID LASCELLES

BANKERS DO not make money by exaggerating. So wben Sir Timothy Bevan, cbairman of Barclays Bank, Britain's largest described the UK banking market as a battlefield last year it was probably an understatement. As thiogs have turned out he could have tossed in words like whirlwind aod revolution and still failed to capture the momentous changes now confronting him and his colleagues.

UK banking—the whole UK financial scene if it comes to that—is going through ono of those once-in-a-generation convulsions that reshape, renew and also destroy institutions and markets. Quite what will come of the current one it is too early to say: apprehension vies with oxcitement. But there is a sense that it must be to the good because it is unleashing new market forces, stripping out distortions and, some would say, kicking the banks out of their slumbers.

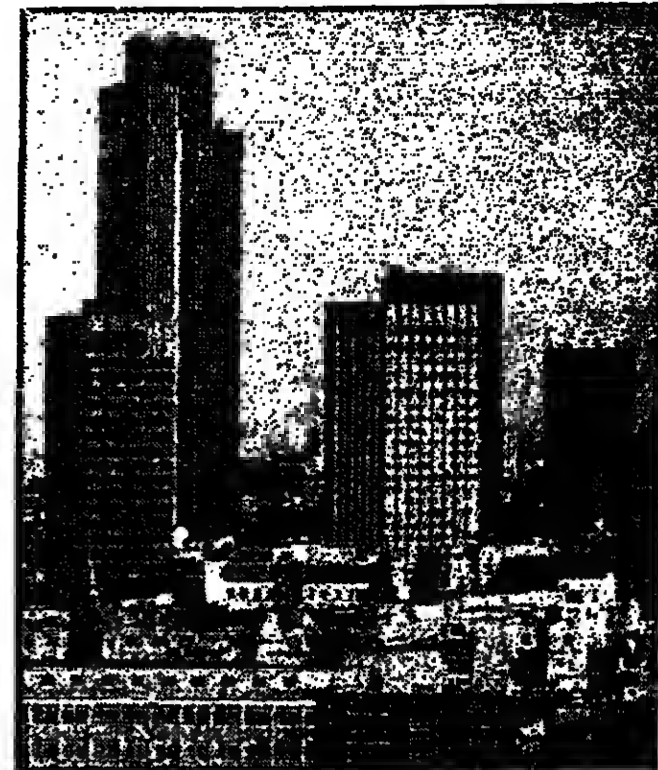
What makes it all so momentous is that chango is coming in ot least four ways, all at once. Deregulation of the UK financial markets is opening up new opportunities for banks, mainly in the securities business. But by the same token banks face fresh competition, mainly from the building societios, which have proved highly aggressive and innovative. The bank clearing system, the "works" of UK banking, is undergoing a radical overhaul. Most costly of all, the Thatcher Government bas lobbed o couple of big tax bombshells.

Flow

These events are not as unrelated as they seem. At their broadest the financial changes in tho UK affect the way money flows from those who bave it to those who need it. Troditionally, banks brought together the saver aod the borrower, the securities firms linked the investor and entrepreoeur and the buildiog societies the saver ond the homebuyer. Those roles will now be increasiogly shared and as financial intermediaries become more alike their tax and regulatory treatmeot sbould be equalised as well.

The liberalisation of the London Stock Exchange, which started last year, gave UK banks their first real opportunity to get o foot on the trading floor by buying into stockbrokers or stock jobbers (market makers). Any besitation that thoy might have had oboot moving into an unfamiliar and risky busiooss was quickly dispelled. Three of the Big Four clearing banks (Barclays, NatWest and Midland) have already formed alliances with Stock Exchange firms, and the fourth, Lloyds, has said it will too.

The grandost is Barcloys' £100m-plus deal tying togethor stockbrokers de Zoete and Bevan with stockjobbers Wedd Durlachor to form what could become the largest securities



Winds of change are blowing through the entire UK financial scene. Above: the NatWest Tower looms above the City of London skyline.

operation in the UK. Barclays has been vaguo about its plans but clearly this has the makings of both a major international securities firm for institutional clients as well as a big domestic broking business wbere small investors up and down the UK will be able to deal through Barclays' 3,000-odd branches.

The long-run question is whethor the big clearers are set to dominate the UK securities business as their countorparts do in, say, West Germany, eclipsing not just the stockbrokers but also the merchant banks.

Given the resources they can plough into it, backed by buge braoch networks the chances look good, at least on paper. What bas to be tested, though, is whether staid bankers can cope with the turbulence and risk of the securities industry.

Questions must also be answered about regulation and control. How will banks insulote themselves from losses in securities trading? How will their securities operations be reguloled? Despite the excitement the recent deals have geoerated there is much scepticism in parts of the City about their viability.

Some people also fear that the Bank of England may have rushed things along by encouroging UK banks to form lorge and strong UK securities conglomerotes to withsland the onslaught of well-financed foreign invaders before they bad thought them through properly. If so, the Bank would bave something to answer for if things turn out badly.

But the banks' eagerness tn get into securities also owes something to the stresses in their traditional deposit-taking and lending business. For years now they bave been losing out to the building sociotics in tho hotly competitive High Street savings market. Tbe societies have pressed their advantages to the full but tho banks have also been slow to fight back. This has cost them a good chunk of their "endnwment" of cheap funds and driven up their financing costs.

At the same time the Thatchor Government has embarked on a radical reform of the corporate tax system, the effect of which will be to make bank borrowing less attractive and equity financing more so. Whether or not this actually triggers an equity boom it forces banks to get into the equities business, if only to protect their flanks.

The Tories bave also dealt a massive blow to the banks' highly profitable leasing business by phasing out the befty tax allowances that made it so attractive. Actually it was e double blow because it also forces banks to pay tax on earlier leasing business whieb they expected to defer *ad infinitum*—as much as £2bn by some estimotes.

Coming as it did at a time when the banks' profits bad already been hard hit by the need to make large provisions to cover bad LDC and domestic loans it was especially painful (not least fnr Midland Bank, already aching from the buge $175m losses of its U.S. subsidiary Crocker Natinnal Bank). This raises another long-run question: whether British banking can ever recover its traditionally enviable profitability record. The answer is probably not.

The Government is also keen to create o more level playing surface for the banks and building societies. The leasing tax move was a step in this direction (the sociotles are not allowed to lease so they welcomed the change). In the last two months societies have lost their exemption from capital gains tax on gilts trading (making them equal with the banks), while the banks are to be included in the societies' composite rate scheme, meaning they will have to pay interest to their depositors net nf tax.

Green Paper

More radical changes lie ahead. The Government has promised a Green Paper on building society law reform which is widely expected to propose greater powers. The key one may be the right to make unsecured personal loans as well as the right to offer legal and nther services.

Few things better symbolise tho assault on the banks' traditional turf than the attempt by Citibank of the U.S. to become a member of the UK clearing system, wbich is dominated by the Big Four and a handful of smaller banks.

The application forced the clearers to face up to longstanding criticism that they run a monopoly (though legal action has never proved this). It also coincided with a recommendation to the Government by the National Consumer Council that the banks be made to throw open the clearing system to anyone wanting to provide money transmission services.

Rather than rule on Citibank's application (which would have been an agonising decision) the clearers decided to use it as the pretext for a full review of the clearing system, which will take the rest of thn year (Citibank's application was put on ice). This will quite likely lead to an epochmaking reshaping of the system along the lines proposed by the NCC. Anyone will be able tn join, if prepared to shoulder a part of the large costs of running it.

If so, the very heart of the UK banking system will cease to be the preserve of the traditional clearers and will be open not just to other banks but probably eventually to nonbanks like building societies if they are allowed to go in for money transmission.

The irony in UK banking is that while the big banks find themselves besieged on all sides, clobbered by new taxation and losing market share to everybody in sight, their future actually looks much more exciting than it has looked for years. They are the most powerful players in a fastmoving market. Deregulation and new technology are opening fresh avenues, as inventive banks like the Bank of Scotland has shown with its TV banking and money market fund accounts.

The Big Four 1983 (£m)

	Pre-tax profits £m	Assets £m
Barclays	557	64,904
NatWest	503	60,017
Midland	225	52,613
Lloyds	419	38,432

Tougher laws curb optimism

ON THE face of it, West German banks — and their shareholders—have a lot to be happy about. Last year profits were up even on the already good result of 1982 and dividends were generally increased (or resumed).

This year the banks' interest margins will almost certainly be down, but with the domestic economy picking up strongly credit business should be buoyant too.

West Germany

JONATHAN CARR

Yet the picture is cloudeu by two main factors; tho continuing bigh risks above all for credit business abrood, and the tougber provisions of the Banking Law opproved by the Bonn Cabinet in February.

Much of this is illustrated by the results of the so-called "Big-Tbree" commorcial banks Deutsche, Dresdner and Commerz: "so-called" because last year, the group consolidated assets of Bayerischo Vereinsbank (DM 113.5bn) for tho first time nosed ahead of those of Commerzbank (DM 113.3bn).

Thanks above all to rising interest income and strong results from their commissions business, the three sbarply boosted "partial operoting profit"—tho Comerz by 62 per cent to DM 910m, tho Dresdner by 38 per ceot to DM 1.2bn and the Deutsche by 16 per cent to DM 2.5bn.

German accounting practice allows the banks to keep tho exact level of "full operating profit," that is including earnings from own account trading, to themselves.

So far, so good—except that the banks felt compelled to put much of their profit into reserves of one sort or anotber to cover losses or the risk of losses above all on their credit busioess.

Although economic growth is strengthening at bome, tho number of company insolvencies remains bigh and the banks are deeply committed to tho crisis-ridden steel, coal and shipbuilding sectors

As for thoir foreign lending, all German banks together (excluding their foreign subsidiaries) are nwed more than $30bn by the countries of the developing world and Comecon. Nearly $8bn of that is owed by the crisis-ridden Latin American region. Tbese figures are for smallor than those, for example, for the U.S. banks—but it did not need the Argentinian debt cliff-hanger this spring to underline to tho Germans the need to boost their loan loss provision.

Clue

Again it is not elear from the banks' balance sheots exactly how much is being stacked away, since tbo disclosed provisions figure is usually offset against securities trading profits before being publishod. But at least a clue emerges from tho "Write-downs and provisions" part of the profit and loss accounts.

For Deutsche Bank in 1983, DM 1.46bn was noted under this itom, for Dresdner DM 1.1bn and for Commerzbank DM 650m. Further big sums were added to open reserves.

At the end of it all shareholders may even consider themselves lucky to be receiving a dividend payout of 24 per cent at tho Deutsche, and of 12 per cent at the two other banks.

There is a direct, and for many banks a worrying, connection between international lending and the government's proposed changes in banking law.

At present the banks must limit their lending to a maximum of 18 times shareholders' equity, but thoy do not have to include the business of their foreign subsidiaries (notably those in Luxembourg) in the calculation.

Under the new measures (passed by the cabinet eut yet to go through parliament), the banks will have to publish consolidated accounts for all subsidiaries in which they have at least a 40 per cent stake, and apply the "18 times" rule to the new total lending sum.

The banks are to be given fiva years to make the adjustmenl, and in fact have eiready started to adapt after a "gentleman's agreement" reached with tho domestic banking authorities in 1981.

But the new rule implies a big chongo all the same. The Bundesbank, the central bank, bas calculated that to comply the banks would either have to reduce their total lending exposuro by at loast DM 50bn or increase their equity by a minimum of DM 2.5bn.

The latter would involve Herculean efforts by some banks; the former could restrict the German contribution to future effnrts to solve the international debt problem.

Cautious

The banks are being cautious already in their new lending abroad. But a lot more "fresh money" and new rescheduling efforts will be needed in the next few years from all Western banks, including the German ones, if an international financial crisis is to be headed off.

Besides the regulation on consolidotion, the new banking rules include a provision under which the limit for the biggest single credit given by a bank will be cut from 75 per cent to 50 per cent of its capital.

This rule in particular received a lot of publicity following the debacle of the private bank Schroeder, Münchmeyer, Hengst (SMH) late last year.

SMH had lent more than DM 800m to a construction equipment group, which later failed, although the bank's capital was little more than DM 100m.

In fact, it is doubtful whether even the tougher new rules including consolidation (much of SMH's lending was channelled through its Luxembourg subsidiary) would have prevented the SMH affair.

At least the banking sector as a whole can congratulate itself on the speed with which it stepped in to head-off the collapse of SMH, limiting damage which could have been far bigger and longer-lasting.

Modest boost for bankers' spirits

ALTHOUGH almost by definition the chairmen of France's nationalised banks could hardly be described as happy men, they are walking this spring with somewhat more bounce in their step than could have been imagined 18 months ago.

France

DAVID MARSH

Following the wide-ranging nationalisation programme of February 1982, which extended the 1945 state takeover of the Big Three banks throughout practically the rest of the French commercial banking system, banks were thrust pell-mell into a delicata new power game with the Government.

The risk clearly existed that, unless they struggled hard to fight for a relative amount of management autonomy, the banks would become absorbed into the atate apparatus as mere instruments of government for carrying out industrial reorganisation, keeping control of the franc and helping finance budgetary needs.

For a variety of reasons, this has not happened. In line with tha general trend of Government policy, reinforced since March 1983 towards rigorous, not to say austere, economic management, the banks have been allowed manoeuvering room to exercise traditional banking prudence in the running of their business.

In the French system where state ownership and, even more important, a tradition of government influence, runs throughout all areas of the economy, the banks cannot avoid being involved in thorny cases of supporting companies in difficulties.

At a time when important heavy industrial sectors such as steel, engineering and shipbuilding are facing large-scale capacity reductions and job cuts, state ownership of the banks inevitably draws them into such problem cases aarlier, more intimately, and certainly more publicly, than is the case in other countries such as Germany or the UK.

But the banks' ability to resist Government pressures to bail out lame ducks has been reinforced by growing realisation in the administration that a blatant loosening of French principles of sound banking ultimately would reflect badly on the banks' standing abroad.

With France still dependent on foreign borrowing to finance tha (diminisbed) current account deficit and generally oil the wbeels of its international trade, no one in the Government wants to risk weakening the country's overall credit rating. So far, this has stood up well in spite of three years of beavy fund-raising since the Socialists came to power.

Additionally, the mood of interventionist policy-makers in tha Government itself has been greatly weakened following the strengthening of the economic powers of M Jacques Delors, the moderate Finance Minister, wbo has ultimate responsibility for the banks.

The resignation just over a year ago of M Jean-Pierre Chevenement, the arch-interventionist Industry Minister, and his replecement by M Laurent Fabius, a man who hardly lets a day go past without preaching the virtues of pragmatism and profits, probably adds up to the biggest single boost for bankers' spirits since the nationalisations.

The current discussions over a new rescue package for Creusot Loire, the private sector engineering company, provide an illustration of how the environment has shifted in the bankers' favour.

In the political shadow-boxing and role-playing wbich in France always accompanies financial and industrial drama, the banks bave felt sufficiently strong to mount a vigorous public campoign warning against any soft options for ending Creusot-Loire's troubles.

Both M Jacques Mayoux, cbairman of Societe Generale, Creusot Loire's main bankers, and M Rene Thomas, head of Banque Nationale de Paris, have recently *urged* a *tough line*.

By ostentatiously expanding on the government's line that no more public funds are available to bail out the troubled company, the bankers are putting maximum pressure on Creusot Loire's private shareholders to dig deply into their own pockets.

Bankers have also been comforted by a moderate rebound in their profits for 1983—even though these remain highly depressed by international standards. Overall, commercial bank profits fell in 1982 for only the second time in 30 years.

Recovery

The earnings recovery (see accompanying table for details) has in some cases been the result of a deliberate policy by some banks to maximise provisions on risky business for 1982 (the first year under their new chairmen) as part of a general deck-clearing exercise. But generally banks beve improved their margins and tightened up on running costs.

The Government has allowed the banks leeway to increase provisions on both foreign and domestic banking risks for 1983 in the general interest of boosting their balance sheets. Different banks have chosen to interpret this freedom in widely differing ways. Credit Lyonnais, for instance, actually cut provisions on sovereign country risks and massively expanded its provisions on other business—including its troubled Netherlands acquisition, Stavenburg's, which is in the throes of extensive reorganisation aimed at bringing it back to financial health by the end of the year.

Additionally, the Government has cut its "take" from the banks in the form of dividends and contributions to the state's nationalisation compensation fund to 51 per cent of nat profits from 66 per cent for 1982.

The combined effect of this financing leeway, together with the strength of the dollar pushing up the banks' foreign profits and general international assets, has been to boost significantly (in franc terms), the banks' capital resources for 1983.

This capital strengthening has been, of course, most marked for the big banks. BNP, for instance, actually increased its overall capital resources to FFr 11.7bn from FFr 9.6bn for last year (share capital, owned 100 per cent by the state, remained unchanged at a mere FFr 1.6bn).

Banks like the BNP have discovered that the inability of the state to subscribe to capital increases has been pleasantly offset as e factor weighing on the capilal base by the absence of pressures (unlike U.S., German or British banks with private shareholders) to maintain large dividend oayments to comfort the stock market.

Other smaller banks which are feeling the pinch of capital inadequacy bave been allowed by the Government to return to the Paris bourse to raise funds in the form of *titres participatifs*, non-voting loan stock intermediate in character between shares and bonds.

Of the newly nationalised hanks, Banque Indosuez, Credit Commercial de France and Banque Parisienne de Credit (now being absorbed into the Suez group as one of a series of reorganised smaller banking networks) have all made TP issues over the past few months.

This follows the capital increases subscribed by the state *itself* to banks with *particular* balance sheet problems, Credit du Nord and Credit Industriel et Commercial (CIC) which bas had to absorb the loss-making Banque de l'Union Europeene.

Controls

In contrast to earlier fears that foreign expansion would be shackled under new ownership, nationalised banks heve been allowed to press on with opening of foreign branches and representative offices. There are signs, however, that the Treasury is keeping this process under control to avoid over-*concentration* in *centres like* Singapore and Hong Kong, already heavily populated by French banks.

Paribas, under the chairmanship of former Treasury director Jean-Yves Haberer, has scored two notable coups over the past few weeks by taking full control of its New York investment banking subsidiary Becker, and also by regaining its majority stake, lost in the run-up to nationalisation, of Geneva-based Paribas Suisse.

The return to square one in the Paribas Suisse affair, placing firmly in the history books the furious political furore which accompanied the selling of the Swiss stake by former chairman M Pierre Moussa in autumn 1981, underlines the extent to which calm has now crept back again to the French banking scene.

BANK PROFITS (FFr)

	1983 net profits	% change from 1982
Banqne Nationale de Paris (group)	1.55bn	+ 4.7
Credit Lyonnais	359m	+15.5
Societe Generale	430m	+10
Banque Paribas	176m	+40
Banqne Indosuez (group)	394m	+ 4
Credit du N rd	16.5m*	†

* Adjuste. to exclnde extraordinary gains.
† 1982 loss FFr 59m.

A call for bold reforms

"OUR BANKS are still politicised institutions and there are few hopes of developing a financial market which is not dominated by politics in the worst sense of the word."

Italy

ALAN FRIEDMAN

Sig Guido Roberto Vitale, the investment banker who made these caustic remarks at a recent Financial Times banking conference in Milan, is not alone in his criticism. A number of senior Italian bankers and industrialists would concede that the banking system, which is 90 per cent state-controlled, needs to be revitalised.

Sig Vittorio Merloni, former president of the Confindustria employers' association, took advantage of his valedictory speech recently to call the banking system "a bureaucracy of granite — static, stubborn, oligopolistic and inefficient."

The problem is historic and structural. Because most aspects of Italian financial affairs can be coloured by politics, the banks are not always free to plan new strategies and engage in competition without hindrance. Everything — from the opening of new branches to a capital increase to a proposed merger—tends to be in some way touched by politics. Top executives at some of the biggest of Italy's 1,085 banks may receive their jobs for political reasons.

The banks must also contend with the voracious needs of the Government's borrowing requirement, which has conspired to keep interest rates high as Treasury bonds siphon off savers' deposits.

Although the inflation rate in Italy is falling and could drop below 10 per cent by the year-end (last year's average was 15 per cent) the real cost of borrowing remains much higher. A top company may be able to borrow below the prima rates, which now range between 16 and 17 per cent. But lesser names can pay over 20 per cent for their money.

There are not many alternatives for companies seeking capital. The Milan Bourse, despite promising signs of reform from the new president of Italy's Consob stock market authority, is not a serious source of capital for Italian companies. It is still a small den of insider trading.

A fashionable topic of conversation at bankers' lunch tables is the prospect of creating "merchant banks," which some Italians appear to regard as a panacea for the underdeveloped financial market.

But a surprising number of people who discuss merchant banking, with favourable references to the City of London, know very little about it.

In recent speeches both Sig Vitale and Sig Mario d'Urso, of Lehman Brothers Kuhn Loeb, have made much of the lack of understanding. They agree on the need for new institutions to aid companies by taking equity stakes, develop corporate finance and help to create an environment more conducive to growth.

Sig Vitale can be cuttingly frank: "The average entrepreneur in Italy rarely has a vision of the future which goes beyond today." If it were developed properly, "merchant banking could help commercial banks to dismantle perpetual credit lines which are in reality equity participations . . . we still have not understood in Italy how essential a sophisticated financial market can be for economic growth," he has said.

But not all is gloom. The Bank of Italy has lifted its formal credit restrictions on bank lending and given its tacit approval to a relaxation of the way Italian banks set prime rates. The result, since late February, has been a less oligopolistic approach to the prime. Behind the scenes, however, the central bank still monitors closely the expansion of credit through "moral suasion," and this makes for a certain rigidity.

The level of 1983 net profits among several of Italy's largest banks showed a growth trend of between 10 and 20 per cent. But the figures contained in Italian bank results are not always meaningful.

The three big banks controlled by the IRI state holding company — Credito Italiano, Banca Commerciale Italiana and Banco di Roma—are receiving funds to double their capital, albeit from a low base.

Professor Romano Prodi, chairman of IRI, has said he would like to reduce state participations in his group's banks —an interesting move towards at least some privatisation.

Banca Nazionale del Lavoro (BNL), Italy's largest state-controlled bank, is planning to offer up to L300bn ($176m) of shares to the public through a new quote on the Milan Bourse. Dr Nerio Nesi, BNL's chairman, says some shares will be issued before the end of this year.

Bot analysts in Milan are sceptical about the size and timing of the BNL offer. Nonetheless, the BNL move to privatise up to 30 per cent of the bank is seen as promising.

Meanwhile, as Italian bankers strive to become more competitive, they are also trying to forget Italy's biggest post-war banking scandal, the Banco Ambrosiano affair. The overall $406m financial settlement for creditors, plus an additional Italian settlement which could total a further $100m, has been reached.

The Vatican Bank—Istituto per le Opere di Religione (IOR) —is to pay a hefty $244m in June to break free from the claims of creditor banks. The IOR directly and indirectly owned 10 of the overseas dummy companies to which Ambrosiano lent $1.3bn.

Losses: Government blamed

ISRAEL's biggest banks all made substantial losses in 1983 — the direct result, they claim, of Government policies.

Israel

LYNNE RICHARDSON

In the top five only First International Bank of Israel (F.I.B.A.), the fifth biggest, stayed in the black, reporting a modest $4.2m profit.

The banks' 1983 year-end reports were delayed until the end of April this year when appeals to the Treasury to return advance tax payments, and to the Bank of Israel, the Central Bank, to ease liquidity requirements were finally rejected. Had the banks succeeded in these requests, then the balance sheets would have appeared less gloomy.

As it was, the Bank Leumi group, the front-runner with assets of $21.4bn, recorded a loss of $71.9m, compared to a profit of $13.6m in 1982.

Also missing from the total assets on Leumi's consolidated balance sheet were guarantees and documentary amounting to $1.5bn. This is the first year that these items have been excluded, in accordance with Bank of Israel directives to all the banks.

Bank Hapoalim's losses were even greater at $101m, after a 1982 net profit of $11.5m the consolidated balance sheet registered a fall of 5.8 per cent to $19.5bn.

Israel Discount Bank lost $38m in 1983 and saw its assets fall to $10.5bn from the previous year's high of $11.2bn.

United Mizrahi Bank, the fourth-rated in the country, with total assets of $4.3bn, showed a loss of $8.8m against a net profit of $12.6m the previous year.

It should be noted that First International, besides being the only Israeli bank to show a profit in 1983, is also the only one that did not engage in the regulation of its share prices.

This system, whereby the banks encouraged clients to invest in bank shares with the assurance of an increased yield on re-sale to the bank, collapsed last October. The banks were inundated with shares from clients who feared an imminent devaluation of the shekel and preferred to invest in harder currencies.

After a few weeks of panic selling, the Government stepped in to prevent the banks from facing the full extent of the disaster. An arrangement now exists whereby the Government has guaranteed to redeem bank-shares held in five years' time at their U.S. dollar value as at October 6 1983.

The Israeli public bore the brunt of the bank-share collapse and have since viewed the banks with suspicion and scepticism.

The banks' rapid increases of bank charges and cutting of overdraft facilities have not done anything to heal the rift. But Israelis use their banks for many services including stock-brokerage, mortgaging and utility payments. Every payment to or from Government agencies and nearly all salaries are handled by the banks.

After the dust settled last year, Israel's commercial banks agreed to demands from the Treasury and the Central Bank that they streamline their operations and become more profitable.

At first, the banks announced that fewer new branches would be opened and that staff would be reduced. New technology was another area where economies were to be made and, in February this year, the country's 500 automatic teller machines went compatible as the banks announced that there would be fewer bank-wall machines installed in the future, but more in public places.

However, United Mizrahi Bank stated categorically that cut-backs in automation would be counter-productive and a false economy. Bank Hapoalim, although saying at the time that computerisation would be cut back, has gone ahead with its plans to introduce videotex terminals into the executive offices of some of its corporate clients.

This system, developed for Hapoalim by an Israeli company, N.C.C., gives the executives terminals with flexible access to different "angles" of the company's accounts with the bank for added security. It may well herald the introduction of home banking in Israel.

In recent years, Israel's commercial banks have trumpeted the successes of their overseas networks. All the major banks have operations in North and South America and Europe, consisting of retail branches and representative offices.

Some have done extremely well, with *Israel Discount Bank*—New York presently ranking as 63rd largest in the U.S. and 14th in New York state.

This year, however, the Israeli banks played down the role of their overseas operations, all of which are reported to have prospered.

Société Générale
a leading French bank

providing a comprehensive
range of international
banking services

MAIN U.K. BRANCH
105-108 Old Broad Street, London EC2P 2HR
Tel: (01) 638 4040
Other U.K. Branches:
Birmingham, Bristol, Leeds and Manchester
Representative Office: Edinburgh
Merchant Bank:
Société Générale Bank Limited
Pinners Hall, Austin Friars, London
EC2P 2DN. Tel: (01) 628 8661
Leasing Company:
SocGen Lease Ltd, 13-17 Long Lane,
London EC1A 9PN. Tel: (01) 726 6040
Head Office: 29 Bd. Haussman,
75009 Paris
Tel: 298-2000

WE DON'T JUST
MAKE MONEY AVAILABLE,
WE MAKE IT WORK.

We've become a most successful international bank by offering clients a total banking service.
Come to us with a project in need of finance and, if it's viable, making the money available is only part of what we can do.
Creating environments where businesses flourish is our forte.
Using a combination of flair and expertise we've achieved impressive growth.
We operate an international network comprising more than 370 offices in 15 countries.
If you want the advice of a bank that's dedicated to making money work, contact any of our three U.K. offices in the City, the West End or Manchester.
You'll be making all the right moves.

INVESTMENT OPTIONS:

Bank Hapoalim B.M.
We put potential into practice.

LONDON: WEST END BRANCH 8/12 BROOK STREET. TEL: 01-499 0792. CITY BRANCH PRINCES HOUSE, 95 GRESHAM STREET. TEL: 01-600 0382. MANCHESTER: 7 CHARLOTTE STREET. TEL: 061-228 2406. HEAD OFFICE: 50 ROTHSCHILD BOULEVARD, TEL AVIV, ISRAEL. TEL: 628111.
New York, Chicago, Los Angeles, Philadelphia, Boston, Miami, Zurich, Luxembourg, Paris, Toronto, Montreal, Cayman Islands, Mexico City, Panama City, Buenos Aires, Sao Paulo, Caracas, Montevideo, Punta del Este, Rio de Janeiro, Santiago.

Tax concessions give big banks a boost

Belgium

PAUL CHEESERIGHT

MAJOR BELGIAN banks, in the most significant development of the past year, have improved their financial structures by taking advantage of tax concessions offered by the Government to help capital raising. But their business has become lop-sided in the face of a weak demand for credit from the private sector and an apparently insatiable demand from the public sector.

Funds raised by the whole sector since the introduction of cash incentives in 1982 reached BFr 18bn, according to the Banking Commission; Shareholders equity in the banks rose by 30 per cent between the end of 1981 and the end of 1983.

For the first time in years, the Commission notes there has been a more important growth in equity than in the balance sheet totals of the banks, which since 1970, have been growing considerably as a result of increased international business.

The Banking Commission called these increases in equity a "security mattress." Banque Bruxelles Lambert classified them in a way which reflected the general spirit of the banking community—they open up new perspectives for the future.

BBL itself, the second largest of the Belgian banks, had a BFr 2.37bn rights issue and converted BFr 1.13bn of loan stock into shares. Societe Generale de Banque, the biggest of the banks, followed a BFr 3.05bn capital raising in 1982 with a loan conversion into shares last year of over BFr 2bn. Kredietbank, the major Flemish financial institution, had a BFr 2.35bn rights issue.

These three banks represent 70 per cent of banking activity in Belgium but there are in fact 81 banking institutions, roughly the same number as there has been for 25 years. More than half the total are either outright foreign-owned or have majority foreign participation.

This strong cosmopolitan flavour is reflected in the fact that some 60 per cent of the activity of banks established in Belgium has an international character.

Outside the purely interbanking business, much of this activity is inevitably linked to foreign commerce. The business of the banks has, therefore, been susceptible to the shifts and turns of the Belgian economy.

There have been some signs of movement out of recession and a return to strength in the corporate sector, but investment remains at a low ebb. The banks have, in consequence, felt the effects both on their deposits and on their lending.

"The wider liquidity in trade and industry and the high propensity of private persons to save have both stimulated the acquisition of deposits," Kredietbank noted.

Deposits rise

By the end of September 1983, its deposits, including medium-term bonds had risen 12.1 per cent over a year to reach BFrs 371bn. There have been similar experiences at other banks. SGB deposits rose 13.4 per cent in 1983 to BFrs 947bn.

One of the striking factors behind this development was the role played by Belgian franc deposits. In the 12 months to June 1983, the Association of Belgian Banks observe such deposits made up 78 per cent of the total, compared with 39 per cent the previous year.

Belgian banks face increasing competition from other institutions.

Partly this has reflected a greater confidence in the franc on the foreign exchanges. But the trend may have been less marked in the early part of this year when the franc was caught up in the bout of instability which hit the European Monetary System.

At the same time, the major banks have reported an increase in the deposits placed by other bankers, emphasising that Belgium has taken a not insignificant role in the development of an international phenomenon. In the 12 months to last September, BBL saw bankers deposits rise 13.5 per cent to BFrs 534.6bn, a slightly slower growth than in its previous financial year.

But, as far as lending is concerned, the picture is mixed. The recession has been behind a change in the nature of the banks' credit business. Since 1979 there has been a deepening shift away from the provision of credit to the private corporate sector and to households, while the state has been absorbing a greater proportion of the banks' lending.

Over the last year there have been two significant factors. The continued pressure on salaries and wage rates has meant that disposable income among individuals has dropped; there has been a more cautious approach to borrowing and demand for loans has dropped.

On the business side there has been a tendency towards less reliance on bank credit. Although profitability generally is not as high as the business federations would like, there was a substantial recovery in 1982 which continued last year. This has helped to check the rise in corporate indebtedness.

In addition, the Government incentives for the provision of risk capital have meant that companies have been able to stabilise their balance sheets by rights issues, in just the same way as the banks themselves have done.

Between 1982 and the early part of this year capital increases worth about BFrs 85bn went through the Brussels bourse compared with a tiny BFrs 2bn in the two previous years.

So lending from the banks to the private sector, as reflected in the latest set of annual figures, has been no more vigorous than in the previous set. The Government on the other hand, despite policies of retrenchment, has continued to act as a magnet for funds.

Last year, for SGB, funds provided to the private sector and foreign public bodies rose 4.3 per cent to BFrs 705.9bn, but facilities to the Belgian public sector climbed 23.4 per cent to BFrs 457.1bn. For Kredietbank total private sector credits drawn down in the year to last September were 0.5 per cent lower than in the previous year at BFrs 283.9bn, while Belgian public sector financing rose 23.8 per cent to BFrs 233.6bn.

Competition

This year there is a modest chance that these proportions might change slightly if private sector business steps up its investment and the Government is successful in its plans to reduce the scale of the public sector deficit. But household spending looks like continuing depressed, and in this sector the banks are facing increasing competition from other institutions.

On the foreign side, the greater part of Belgian bank lending has been in the industrialised countries so that the major institutions have escaped the worst of the ravages suffered by banks with heavy loan portfolios in areas like Latin America.

And profits have been growing. SGB for 1983 had net profits up 29 per cent over 1982 at BFr 4.08bn. Kredietbank in its financial year to last March has been expecting to announce higher net earnings than those of the year to March 1983 of BFr 1.7bn on the basis of a 7 per cent increase in gross operating income. BBL, for its part, had net profits in the year to last September of BFr 1.67bn against BFr 1.42bn in the year before.

Chastened sector feels the worst is now over

Netherlands

WALTER ELLIS

THE SHAKE-OUT THAT has affected Dutch banking throughout the 1980s is beginning to show benefits. The industry is stronger now, more resilient and aggressive. Gross and net profits increased sharply in 1983, and if provisions against debt also rose, then there was more than enough cash to meet the demand.

This year, first quarter results, though not all disclosed, are down on the same period last year, but interest rates could not be expected to stay at the previous high levels and the underlying trend of business is reassuringly up.

Bankers in the Netherlands have much to be grateful for. A year ago, the headlines spoke of alleged illegality (Slavenburg's), bankruptcy (Tilburgse Mortgage Bank), apparent incompetence (Westland-Utrecht) and uncertain ownership (Nederlandse Credietbank).

The big four—ABN, Rabobank, Amro-Bank and the NMB—were not directly affected by these and other claims, but margins were being squeezed all round and bad publicity for one was unwelcome to all.

Today, Slavenburg's has been re-born as Credit Lyonnais Bank Nederland and is fast regaining its reputation as a sound Dutch institution with worldwide connections. The Tilburgse affair—hinging on the collapse of a bank under the care of the central authorities—is practically forgotten. Westland-Utrecht has been slimmed down and re-financed by Nationale-Nederlenden, the largest Dutch insurance group. The Nederlandse Credietbank (NCB) has increased its earnings and is in the process of being taken under the wing of Chase Manhattan Bank of New York.

Chase's acquisition of the NCB will give the American bank the most important foreign interest in the Dutch banking sector and should do for its new subsidiary what Credit Lyonnaise is doing for the former Slavenburg's—plug it firmly into worldwide trading. Banque de Suez Nederland and Paribas Nederland already benefit from easy access to a multinational network.

The general picture is of a chastened banking community, careful with its own and its investors' money, confident that the worst of the economic recession, at home and abroad, is over, and sure of the wisdom of large-scale restructuring, now practically complete.

Not far beneath the surface, however, there still lurks a fear that the international banking crisis may yet throw up the equivalent of a solar flare, scorching those who have taken up an orbit too close to the sun. Allied to this anxiety is the feeling that the economic recovery may not last. That is why provisions continue at record levels.

A global slump would, however, by definition, be a universal disaster, and the Dutch are not going to get themselves too worked up over possible events beyond their control.

A more concrete concern is the long-delayed Dutch Postbank, a state-owned financial institution that is due to open its doors to the public in January of next year. The commercial banks have argued fiercely against the idea of a state bank for years. Many MPs have echoed their criticisms. In the end, they have slowed its advance and spiked several of its guns. It is still coming, though, and the fear of the banks is that within six years, it will have acquired 10 per cent of the key secured loans market.

Commercial bankers can never sit easily with nationalised rivals. They see state involvement in the market place as little more than an obscenity.

The Postbank, when it comes, will be a chain of banking facilities within existing post offices. This network already exists as the state savings bank and national giro payments system. The difference between the old and the new will be chiefly a change of control (from PTT to a new postbank board of management) and the gradual establishment of an individual identity.

Initially, the savings bank and giro activities will be paramount. Gradually, and inevitably, other activities would grow, with lending presumably to the fore. Whether or not the forecast of a 10 per cent share of the secured loans sector by 1990 is realistic remains an open question.

At central bank level, the success of the commercial banks in 1983 has not gone unremarked. Mr Wim Duisenberg, the personable president of De Nederlandsche Bank—a man who has stepped out with ease from the shadow of his illustrious predecessor, Mr Jelle Zijlstra—urged bankers in May to be cautious about paying high dividends, and to concentrate more on the building up of funds.

Some felt his implied criticism was a little harsh, since the main banks have never failed to make a profit and did so in style last year. But the central bank has been accused of being too lax in the past. Perhaps Mr Duisenberg now feels it is time for him to step up prudential control a little.

At any rate, his own institution cannot be faulted. It made a net profit of Fl 1.73bn in 1983—an increase of 9 per cent.

ABN last year recorded earnings of Fl 365m—7 per cent up on 1982—while its provisions edged up Fl 2m to a new record Fl 650m. Amro-Bank increased its provisions by a full Fl 100m, to Fl 950m, but still managed to raise its net result by 28 per cent, to Fl 209m. Rabobank, the co-operative "outsider" scored earnings of Fl 566m, up 16 per cent, and provisions of Fl 675m, also up 18 per cent.

The NMB, with its emphasis still on business, saw its net result move up 12.5 per cent, to Fl 101m, with provisions 23 per cent up, at Fl 615m. Just outside the "big four," the NCB managed a 25 per cent earnings rise, to Fl 9m (provisions Fl 85m, up 28 per cent), while Credit Lyonnais Nederland—which is eschewing net profits while it rebuilds its resources—achieved a gross result of Fl 62m. The 1983 gross result at Credit Lyonnais was greater (Fl 73m), but extensive reorganisation has proved costly.

Economy's problems spur expansion moves abroad

Ireland

BRENDAN KEENAN

THE IRISH banks are still weathering the storm of recession, with the outlook still unsettled. Profits have recovered significantly after the tumbles of 1982 but the economic environment remains weak.

Demand for credit is virtually at a standstill and even the 11 per cent ceiling on growth in personal loans is unlikely to be reached. Bad debts, and potential bad debts remain high and the banks have become much more active in monitoring the affairs of clients.

Companies are asked to produce monthly reports in many instances and there is greater insistence on the production of audited accounts. What the banks have found through this more intensive scrutiny has not always been to their liking.

In particular, many companies are still disguising the real extent of their difficulties by non-payment of value-added tax (VAT) and employees' insurance contributions.

The difficulties of the Irish economy have produced a feeling in banking circles that change is on the way. One approach has been diversification with Allied Irish Bank's spectacular acquisition of First Maryland Banking Corpn. for I£109m.

It represents a major step, with First Maryland's assets equivalent to 40 per cent of AIB's own $98bn assets. If it succeeds, it will enable AIB to leap outside the constraints of the small Irish economy and operate on a larger scale.

At home, AIB's acquisition of Insurance Corporation of Ireland gives it the chance to offer a wider range of financial services, but a similar move by its main rival, Bank of Ireland, fell foul of Government opposition. B of I made a bid for the Irish Civil Service Building Society which had the unique distinction for a building society of having publicly-quoted shares.

The Government, however, plans legislation to block the deal, claiming that it would be unacceptable for a bank to control a building society. Bank of Ireland disputes this, and officials privately blame pressure from the powerful building society lobby.

Whatever the outcome, competition between the different financial institutions seem certain to increase, and provoke more calls for them all to be treated on an equal basis. A recent study commissioned by the Irish Banks' Standing Committee from economic consultants Davy Kelleher M'Carthy recommended such a move, together with an end to the control of interest rates and charges by the Central Bank.

This would break up the 'cartel' of the four "associated banks"—AIB, B of I, Ulster and Northern. (The latter two are subsidiaries of Nat West and Midland Bank.)

Bankers are particularly upset by the non-disclosure elements enjoyed by the building societies, which do not have to give details of individual accounts to the tax authorities.

They feel, not just that this makes the societies a haven for tax evaders, but is an attraction for depositors who do pay tax but derive comfort from the feeling that their secrets are safe.

The building societies' market share has risen to 20 per cent, while that of the banks has been falling in the past five years. The societies claim they offer a better service, with more flexible opening, but there is increasing competition from tax-efficient insurance schemes and from Government index-linked bonds and Post Office schemes.

The associated banks would probably like to see the cartel disappear but the Dublin manager of the Trustee Savings Bank, for one, has queried whether they would be so willing to open up clearing facilities to competitors.

There is a belief that control of interest rates could be eased in the near future, in line with UK experience. Reform of the tax system, where powerful interests are at stake, could take longer.

Relations with the Government remain uneasy, largely because of the continuing levies on the Irish banks. There were introduced as a temporary measure in 1982, but have now totalled I£75m in three years.

Confusion increased this year when Finance Minister Alan Dukes promised to abolish the tax-based lending to companies by the banks.

Conditions have also been difficult for merchant banks, with those which have Irish banks as parents enjoying an advantage over foreign banks in the range of packages they can offer.

Even so, one banker calculated that margins had declined by up to 40 per cent in the past four years and those who came late to the Irish scene are finding things especially difficult. Royal Trust, Bank of Canada decided to pull out of Ireland last year and bankers wonder if more will follow its example.

This would have increased the banks tax charges and given the Government an opportunity to phase out the levy. But the Government had under-estimated the importance of tax-based lending to important industries like dairying, and to several key companies, which are able to obtain loans close to European interest rates.

The measure was restored but leaving the banks with their tax-based facilities for this year already fully loaned, and with an uneasy feeling that the levy might be around for some time yet. It would be difficult for the Irish Labour Party, the junior partner in the ruling coalition, to sanction an end to the levy without an increase in the taxes paid by banks.

Bankers feel that, if their capital base is not to be eroded, the levy will have to be passed on to customers in the form of higher charges, which have been pegged for 10 years.

The banks are free to press ahead with improved customer services and efficiency. There has been a rapid expansion of automatic teller machines (ATMs) and in the banks' own computerisation plans.

Bank of Ireland had a novel scheme to enable its staff to buy home computers last Christmas at bulk discount rates as a way of familiarising people with electronics. There have been no serious staff problems over the new technology, after the 25 per cent pay agreement two years ago, but the powerful Irish Banks Officials' Association is making threatening noises about tight Government pay guidelines this year.

One inevitable side-effect of technology is the closing of a favoured job for employment for Ireland's job-hungry youngsters. Staff numbers are declining by about 2 per cent a year and, when one bank advertised 100 jobs recently, it got 10,000 applications.

Reports on other European countries will be featured in Part Two of this Survey which will appear next Tuesday, May 29.

Reproduced by kind permission of the British Museum.

Italian Genius

Maybe it was in Roman times that Venetian glassmaking started. Or maybe new techniques and direction were learned from the Saracen Workshops, around the 12th century. Unfortunately the history is unclear. But there remains no uncertainty about the genius of the Italians who create it, even to this day.

This genius has been flourishing from generation to generation for hundreds of years. From the earliest 15th century examples surviving to today's products, the craftsmen have used time only to perfect their art.

But perhaps that's a familiar Italian trademark. It's certainly one that Italy's foremost bank shows in following the traditions of the world's first paper money dealers from Venice. Today we at Banca Nazionale del Lavoro not only offer a full range of banking services, but also provide the communications contacts essential in international finance. Through our extensive network of offices we provide your link with the Common Market and the rest of the world.

And like the glass makers, who take such pride and care with their work, we believe our clients will find our services based on the same tireless qualities.

Banca Nazionale del Lavoro

London Branch: 33–35 Cornhill, London EC3V 3QD. Tel: 01-623 4222.
Head Office: Via Vittorio Veneto, 119, Rome.

THE BANKER

THE BANKER is essential reading for anyone seriously involved in banking and finance. A really informative and authoritative magazine read by the people who want to know what is happening at the highest level in the international banking community.

THE BANKER'S territory is the world market.

It is the magazine where you'll find thoughtful analyses of trends and events taking place around the globe every month.

THE BANKER

The international forum for leading bankers everywhere.

To find out more about The Banker contact:
Marketing Dept, The Financial Times Business Publishing Ltd., Greystoke Place, Fetter Lane, London EC4A 1ND.

World Banking Abstracts

The unique database for the international banking community.

- Over 350 banking & financial publications regularly abstracted, plus research reports & specialist studies.
- Drawn from the data resources of the Institute of European Finance, WBA provides detailed coverage of: international banking; corporate banking; retail banking; policy & structure; institutions & markets; management.
- Sensitive indexing & cross-referenced subject classification provide a unique cumulative database giving you rapid access to all the published information in your key areas of interest.
- Comprehensive coverage of all banking developments worldwide.

ISSUE ONE OUT NOW

Introductory subscription offer (valid till 30th June 1984): £140.00/US$190.00 for your 1984 subscription. (For airmail delivery outside UK & USA, add 10%) Published every two months.

ON APPROVAL OFFER

Assess the value of this new publication by sending for a trial subscription. A copy of the first issue will be sent to you on 14 days' approval, together with an invoice for the first year's subscription. If you decide not to proceed and return the invoice within 14 days, the subscription will be cancelled without further obligation to you.

Send for your on-approval copy to:

WORLD BANKING INTELLIGENCE,
Professional Publishing Ltd., FREEPOST,
Alhambra House, 27-31 Charing Cross Road,
London WC2H 0BR, (no stamps needed in UK).
Tel. 01-930 3951.

Reliance on facts

Balance sheet 1983-154th Financial year

In the course of the ordinary Meeting held on Friday 30th March at the Head Office of the Institute, the Shareholders of Cassa di Risparmi e Depositi di Prato approved the balance sheet for the financial year 1983, which closed with the following results:

			increase in respect of 31.12.81
Total assets	over	2,943 billion Lire	+27.02%
Total deposits in Lire and currency	over	2,348 billion Lire	+24.10%
Net profit	over	18 billion Lire	+37.43%

After the approved distribution of profit, the assets of the Institute amount to over 165 billion Lire, with an increase of 20.82% in respect of the previous financial year.

CASSA DI RISPARMI E DEPOSITI DI PRATO

50047 PRATO/ITALY - VIA DEGLI ALBERTI, 2 - TELEX 572382 PRATO E - PHONE: (0039-574) 4931

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Fed likely to stick to policy of temporary accommodation

THE FEDERAL RESERVE Board's policy making Federal Open Market Committee (FOMC) meets tomorrow against the backdrop of a crisis in the U.S. banking industry which, together with tension in the Middle East, has sent shock waves through the international financial markets. There is also mounting concern about international debts—prompted in part by soaring U.S. interest rates—a surging domestic economy accompanied by booming private credit demand, and the political pressure of an election year.

The crucial question for the U.S. money and credit markets will be how the Fed responds to this tremendous set of challenges—indeed, whether its carefully charted monetary policy could be totally upstaged by events.

The mettle of the markets has been severely tested in the past ten days, first by what amounted to an "investors' strike," when the Treasury attempted to auction $16.5bn of new paper into an already depressed market, and second, last week, by the woes of Continental Illinois.

The Fed, at least temporarily, has been forced to abandon short-term monetary concerns and adopt its historical role of lender of last resort.

With the discount window flung open to aid Continental, bank borrowings from the Fed soared to a record $4.562bn in the latest statement week, easily topping the previous record of $3.754bn in September 1974, when the Fed went to the aid of Franklin National Bank.

So far the Fed has moved cautiously to drain these additional reserves, presumably fearing the even more unsettling influence this could have on the markets. As a result, the Fed funds rate plunged from over 11 per cent 10 days ago to 9 per cent at the end of last week. Most Wall Street analysts believe that, in the absence of further shocks, this policy of temporary accommodation will continue.

Yet they doubt that the Fed is willing (or indeed is able) to abandon its basic monetary and economic objectives for very long without risking a market backlash of a different but potentially equally dire sort.

Other short-term interest rates have also been behaving erratically. Over the past week there has been further evidence of a flight to quality as investors ditched bank certificates of deposits (CDs) in favour of short-term Treasury bills.

There are other factors at play besides international and banking crisis concerns. On the one hand T-bills have been in short supply because of the debt ceiling, while conversely since Continental's problems surfaced, the major U.S. banks have all but stopped issuing new jumbo CDs. The result has been a see-sawing yield gap for similar maturities which was edging down towards the close last week.

The recent developments have served to underscore the acute nervousness of the credit markets, but also to obscure some of the fundamentals. Retail buyers are still rare animals, and most of the action has been left to the professionals. In other words the slight improvement in long-term market prices evident towards the end of last week is extremely fragile.

By the close on Friday the 13.25 per cent Treasury long bond, priced at 98¼ to yield 13.45 per cent was still a fraction under the 98⅝ price at the end of the previous week and notably still a point below its auction price eight days earlier.

Indeed the Treasury yield curve has steepened, helped by jittery investors who drove short-term rates, on average, down ·17 to ·53 basis points. Three month T-bill rates are now yielding around 9.85 per cent compared to 10.05 a month ago.

Paul Taylor

U.S. INTEREST RATES (%)

	Week to May 18	Week to May 11
Fed funds weekly average	10.52	10.48
3-month CD's	11.15	11.40
3-month T-Bills	9.58	9.91
30-year Treasury Bond	13.56	13.39
AAA Utility	14.63	14.63
AA Industrial	14.25	14.25

Source: Salomon Brothers (estimates). In the week to May 7 M1 increased by $4.9bn to $539.4bn.

Wallenberg companies to make SKr 3bn loan issue

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

INVESTOR and Providentia, two of Sweden's biggest investment companies, are seeking to raise SKr 3bn ($370m) from their shareholders through a subordinated loan with call options, in order to finance their purchase of 25 per cent stakes in Atlas-Copco, the engineering group, and Stora Kopparberg, the forest products concern, from Volvo.

The capital-raising exercise, the biggest ever attempted in Sweden, follows the resolution of the much-publicised power struggle between Volvo and its chairman, Mr Pehr Gyllenhammar, and Mr Peter Wallenberg, head of the Wallenberg family and chairman of Investor, Providentia, and Atlas-Copco. He is vice-chairman of Stora Kopparberg.

The two investment companies are the lynchpins of the Wallenberg federation of industrial and financial companies. However, buying back Volvo's holdings in Atlas-Copco and Stora Kopparberg—both traditionally Wallenberg concerns—has stretched their resources. They paid a premium over market prices of 35 per cent on the Stora Kopparberg shares and 26 per cent on the Atlas-Copco shares. In the process, Volvo made a capital gain of around SKr 1.3bn in less than two years.

Investor and Providentia have been forced to seek innovative solutions, never tried before in the Swedish capital market, to finance the deal. They are offering their shareholders — the biggest is the main Wallenberg family trust — units in a subordinated loan, with 10-year options to buy shares in Atlas-Copco and Stora Kopparberg.

Each unit is to be priced at SKr 400, representing the right to buy one Atlas-Copco share at SKr 150 and one Stora Kopparberg share at SKr 230. Last week, Atlas-Copco shares were trading at around SKr 126 and Stora Kopparberg shares at SKr 184. The units will be offered at the rate of one for every four shares held in Investor and Providentia.

The SKr 3.06bn subordinated loan will pay interest at 7 per cent for four years and then the market rate for an industrial bond, currently around 12 per cent.

HK$1bn loss at Grand Marine

BY DAVID DODWELL IN HONG KONG

GRAND MARINE (previously the shipping arm of the now bankrupt Carian group), which was rescued in October last year after a restructuring of its debt, has revealed losses for the 18 months to June 30, 1983, of HK$1.13bn (U.S.$145m).

Mr John Marshall, the chairman, said at the annual meeting that outstanding loans had been trimmed from HK$1.7bn to HK$795m. In accounts, which have been qualified by auditors Price Waterhouse, net operating losses of HK$172m were revealed and extraordinary losses amounting to HK$1.2bn.

More than half the extraordinary losses came from the sale of ships and fixed assets, with just under HK$500m provided against lower ship values. At one time, Grand Marine had a fleet of 66 ships. It now operates 10.

Von Roll fails to sell U.S. subsidiary

By John Wicks in Zurich

VON ROLL, the Swiss engineering company, has been unsuccessful in an attempt to sell New Jersey Steel Corporation (NJSCO), its loss-making U.S. subsidiary, to a group of American private investors.

Dr Paul Kohli, Von Roll's chairman, said it had not been possible to agree the financing of the deal, which had been under negotiation since last autumn. He told the annual meeting that Von Roll would continue its efforts to sell NJSCO.

Earlier this month, Dr Kohli told the Press that the potential purchasers of the company had been aiming for a "high degree of leverage through borrowed funds." He indicated that there were financing problems and said that if the negotiations failed, the Von Roll parent company would take over NJSCO from its own subsidiary, Monteforno, and seek another buyer.

Together with its Swiss steelworks parent, Monteforno, the American company has suffered total losses of SwFr 56m (U.S.$24.6m) in the two past years

Offshore banking starts in Taiwan

BY ROBERT KING IN TAIPEI

TAIWAN WILL launch an offshore banking industry this week when it formally approves the first applications from participating banks.

So far, the Finance Ministry has received applications from the International Commercial Bank of China, Bank of California, and Citibank. Hua Nan Commercial Bank, Bank of Taiwan, First Commercial Bank, and Chang Hwa Commercial Bank have passed board resolutions to participate as well.

Eventually, all the 31 foreign bank branches and 14 local banks are expected to take part in offshore activities.

The move represents another step in the gradual opening of Taiwan's financial market to the world. It will allow foreign and local banks for the first time to lend to, and accept deposits from, institutions and individuals abroad. Planners hope the programme will help to improve banking operations here as well as attract foreign capital to the island.

Offshore operations will be free of the foreign exchange restrictions that govern other banking activities here. Profits from international transactions will be tax-free, and current capital and reserve requirements and fixed interest rates will be dropped.

The operations will take place in special departments within participating banks, which include those with only representative offices here as well as fully-fledged branches.

Activities will be assisted by the inauguration of an international financial data communications service specialising in finance sometime next year. Long-standing regulations which prohibit the transmission of computerised data have been seen as a major obstacle to the successful operation of offshore banking.

Bankers are careful to note, however, that the establishment of offshore banking will not change Taiwan into another Hong Kong or Singapore—at least not overnight. Foreign banks are most likely to use the facilities mainly as a depository for loans they now book in other offshore centres, in order to simplify their book-keeping. But Taiwanese bankers will benefit both from the more direct access to foreign funds and from exposure to international banking practices.

INTERNATIONAL APPOINTMENTS

New Zealand Dairy Board makes changes

● Mr F. V. Lough, managing director of Milk Products (NZ), a subsidiary of the NEW ZEALAND DAIRY BOARD, is to return to New Zealand to become assistant general manager, responsible for the cheese division and the board's Japanese marketing operations. Mr N. Owen Jones, deputy general manager of the board since 1982, is to become executive chairman of New Zealand Milk Products Inc. the board's subsidiary in California. He succeeds Mr B. L. Stuart. Mr J. G. Beckett has been appointed assistant general manager, services, with responsibility for the control and administration of the board's transport, storage, shipping, technical, quality assurance and packaging services. Mr K. J. Kirkpatrick, presently an executive manager of the board, is to become assistant general manager of the milk proteins division.

● Mr Alan Atkinson has been appointed senior representative in Australasia based at NATIONAL WESTMINSTER BANK'S office in Sydney. He succeeds Mr Derrick Plummer who becomes controller, correspondent banking, based in London. Prior to this appointment Mr Atkinson was senior accounts executive, UK finance and marketing, London and previously spent three years as advances manager, executive office North America in New York.

● Mr Robert J. Lanigan, president and chief executive officer of Owens-Illinois, has been elected to the additional position of chairman, succeeding Mr Edwin D. Dodd, who retired following the annual meeting. Mr Lanigan, who has spent his entire business career with Owens-Illinois, served as president and chief operating officer from April 1982 until his election as chief executive officer on January 1.

● DULUX AUSTRALIA, an associate of Imperial Chemical Industries, has appointed two board members. They are Mr Christopher Hampson, an executive director of ICI Australia, and Mr Fergus Munro, finance director of the Cookson Group in the UK.

● Mr Robert V. Toppi, western regional vice president of the Aetna Life and Casualty, has been elected chairman of the NEW YORK PROPERTY INSURANCE UNDERWRITING ASSOCIATION. Prior to his election, Mr Toppi was vice chairman of NYPIUA's board and served on both the finance and audit committees.

● Mr Ronald M. Gross has assumed the additional post of chairman of ITT RAYONIER INC, headquartered in Stamford, Conn. Mr Gross remains president and chief executive.

● DAMSON OIL CORPORATION has elected Mr Allan B. Ecker as senior vice-president and general counsel. He will be based at Damson corporate headquarters in New York. He is secretary, director, and a member of the executive committee at Warner Communications Inc.

● BANK OF AMERICA has appointed Mr Jacques Favillier to the newly-created post of head of French region, based in Paris. He will remain an executive director of Bank of America International in London.

● Mr Arthur M. Hawkins has been made group executive of ITT automotive products—worldwide. Before joining ITT, Mr Hawkins was a senior vice president of Tenneco Inc.'s automotive division and general manager of its Racine-based Walker Manufacturing Company, a producer of exhaust products. He also held the posts of vice president for North American manufacturing with Tenneco Automotive and vice president of operations of Tenneco's Monroe auto equipment company during his five years with Tenneco Automotive.

● At the first board meeting in Bahrain of the BAHRAINI-SAUDI BANK, Dr Abdulla al-Uzaria was appointed chairman. He is a former Minister of Labour and Social Affairs in Saudi Arabia and chairman of Arab National Bank in Riyadh. A prominent Bahraini businessman, Shaikh Ibrahim bin Hamed bin Abdulla al-Khalifa, has been appointed vice-chairman. The members of the bank's executive committee are Mr Sami Kalksow, Mr Fahad bin Mohammed al Adel, Shaikh Abdulaziz al-Shaikh, and Mr Farouk Yousuf Almoayyed.

● At the annual meeting of CIGNA CORPORATION, Mr Robert D. Kilpatrick, president and chief executive officer, was elected to the additional office of chairman. He succeeds Mr Ralph S. Saul, who has retired. Mr Saul will continue to serve as a member of the board of directors. Mr Kilpatrick has served as president of CIGNA since the company was formed in March 1982. He was named chief executive officer in April 1983, having served as co-chief executive officer with Mr Saul from March 1982.

● G. D. SEARLE AND CO. has appointed Mr William R. Gargiulo, Jr., as executive vice-president, European operations, and Mr Fred J. Badia vice-president, Latin American operations. Mr Anatole M. Schwieger has been appointed as executive vice-president and senior adviser. The new positions become effective June 15.

● Dr Theodore Levitt, Professor of Business Administration, Harvard University Graduate School of Business, and Mr James M. Reed, senior vice-president—Finance, Union Camp Corp., have been elected to AM INTERNATIONAL INC'S board.

● Mr Robert H. Buckles has been named managing director of ROTHSCHILD INC. and president and chief investment officer of Rothschild Asset Management Inc. Mr Madelon Devoe Talley who has been president of Rothschild Asset Management since June 1982 will become chairman. Prior to joining Rothschild Mr Buckles was with Lehman Corp., a unit of Shearson Lehman-American Express.

● Credit Suisse has formed a new investment management subsidiary in the U.S.—SWISS AMERICAN INTERNATIONAL ASSET MANAGEMENT INC., New York, to provide global portfolio management services for domestic pension funds, institutions and other clients. Mr Gordon L. Bowyer has been elected president and chief executive officer of the new firm. He comes from Cole, Yeager and Wood, Inc.

MANFIELD Selfridges Lewis's FHW Wallis Dolcis Saxone LILLEY + SKINNER William Hill ROLAND CARTIER GARRARD The Crown Jewellers Mappin & Webb TRUEFORM OLYMPUS Miss Selfridge Galliford SMT BUTLER SHOE Shaw & Kilburn

Profits up 40% to £159m

	1983/4 £m	1982/3 £m	% Change
Turnover	1,846.0	1,597.0	+15.6
Trading profits after interest	155.9	111.0	+40.4
Group profits before tax	159.1	113.5	+40.2
Dividends	33.6	25.1	+33.9
Earnings per share	7.1p	5.0p	+42.0

Footwear retailers ● departmental stores, jewellery and other retailing ● motor vehicle sales, service and delivery ● licensed betting offices ● property development and investment ● engineering.

Sears

Copies of the 1983/84 Annual Report will be available from 1st June 1984 and may be obtained from The Secretary, Sears Holdings plc, 40 Duke Street, London W1A 2HP.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

© The Financial Times Ltd., 1984. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by DATASTREAM International.

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week ...	8,654.0	17,113.2
Previous week	6,068.2	11,781.3
Other bonds		
Last week ...	1,724.6	1,732.2
Previous week	1,530.2	1,123.3

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on May 18

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / May, 1984

$1,500,000,000

Kingdom of Sweden

Floating Rate Notes Due 1991

The Notes ere unconditional, direct and general obligations of Sweden for the payment and performance of which the full feith and credit of Sweden is pledged.

The Notes will mature on May 15, 1991. Interest on the Notes will be payable quarterly on August 15, November 15, February 15 end May 15, commencing August 15, 1984. The rate of interest for each querterly period will be the arithmetic meen of the Weekly Interest Rates for the 13 consecutive Frideys ending on the Friday preceding the seventh calendar day prior to eech Interest Peyment Dete. The Weekly Interest Rate for each such Friday will be .40% below the erithmetic mean of the prime lending rates of the Reference Benks; provided thet the Weekly Interest Rate will not exceed e rate of .55% above the yield on three-month United Stetes dollar domestic certificates of deposit.

Salomon Brothers Inc

The First Boston Corporation | **Merrill Lynch Capital Markets** | **A. G. Becker Paribas** Incorporated

Goldman, Sachs & Co. | **Lehman Brothers Kuhn Loeb** Incorporated | **Morgan Stanley & Co.** Incorporated

Chase Manhattan Limited

Dr. K. Bright.

London Transport beats targets in Golden Jubilee Year.

Extract from Chairman's statement. London Transport Annual Report.

Services in 1983 were more reliable than for many years past.

And for me this was one of the more heartening aspects of the year, especially when all major budget targets were met or bettered.

Increased mileage. Lower fares.

Buses and Underground trains operated more miles than budgeted, our passengers had shorter waits than in the previous year and travel also became cheaper.

The fares reduction in May, funded by the Greater London Council, enabled the Executive to launch its Travelcards, with which passengers can use both the Underground and the Buses, bringing a new flexibility to their travel options.

More passengers carried.

The combination of reduced fares and more reliable services resulted in a 16% increase in passenger travel–with the added bonus that many motorists switched to the Underground for their journeys to work; this in turn helped bus services by reducing traffic congestion, which is still the biggest obstacle to running to schedule.

£36 million surplus.

So the winning back of passengers and tighter cost control has helped London Transport to show a surplus after grants of nearly £36 million.

Fight on Fraud.

I am also determined to ensure that there is no let up in London Transport's campaign to collect the money due from fares. Nor will there be any slowing down of the efforts of our management to ensure that the money we do collect is used in the most cost-effective way to provide services to meet demand at a price which passengers can afford.

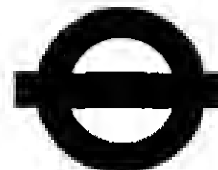
Future prospects.

The new position of London Regional Transport alongside British Rail, both reporting to the Secretary of State for Transport, presents the possibility of improved co-ordination and integration of services and of fares.

Our main obligation is to provide the best public transport for London within the guidelines set for us.

I offer my thanks to everyone in London Transport for their continuing efforts to bring this about.

Dr. K. Bright.
Chairman and Chief Executive.



Copies of the Annual Report and Accounts are available at £1 each from London Transport Information Centres and 55 Broadway or by post, priced £1.40, from The Secretary, London Transport Executive, 55 Broadway, London SW1H 0BL.

BASF'83

We announce herewith this year's
ANNUAL MEETING OF STOCKHOLDERS
on Friday, June 29, 1984, 10:00 a. m.
at the BASF Feierabendhaus, Leuschnerstraße 47
Ludwigshafen/Rhine, West Germany

Agenda
1. Presentation of the Financial Statements of BASF Aktiengesellschaft and BASF Aktiengesellschaft and its Consolidated German Subsidiaries; presentation of the Annual Reports of BASF Aktiengesellschaft and BASF Aktiengesellschaft and its Consolidated German Subsidiaries; presentation of the Supervisory Board Report.
2. Declaration of dividend.
3. Ratification of the actions of the Supervisory Board.
4. Ratification of the actions of the Board of Executive Directors.
5. Appointment of auditors.
6. Restructuring of the face value of the Company's shares.
7. Bond issues.
8. Changes to the Articles of Incorporation.

Shareholders entitled to participate in the Annual Meeting and to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depository bank. The shares should remain deposited until the conclusion of the Annual Meeting. Shareholders have the right to vote by proxy. Depository banks are those specified in the "Bundesanzeiger" of the German Federal Republic Nr. 94 of May 18, 1984.

Depository banks in the U. K. are:
Kleinwort, Benson Limited
S.G. Warburg & Co. Ltd.

The deposit is only effective if the shares are submitted by Friday, June 22, 1984.

Ludwigshafen/Rhine, May 18, 1984
The Board of Executive Directors

BASF Aktiengesellschaft
D-6700 Ludwigshafen

BASF

This announcement appears as a matter of record only.

U.S. $ 600,000,000
Term Credit Facility
for
SAGA PETROLEUM A.S.

Lead Managers

CITICORP CAPITAL MARKETS GROUP
BERGEN BANK
DEN NORSKE CREDITBANK
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
CHRISTIANIA BANK OG KREDITKASSE
UNION BANK OF NORWAY LTD.

Managers

THE BANK OF NOVA SCOTIA GROUP
CHEMICAL BANK
DEUTSCHE BANK AKTIENGESELLSCHAFT
MIDLAND BANK INTERNATIONAL
CHASE MANHATTAN CAPITAL MARKETS GROUP
CREDIT LYONNAIS
MANUFACTURERS HANOVER TRUST COMPANY
UNION BANK OF SWITZERLAND

Provided by

CITIBANK (CHANNEL ISLANDS) LIMITED
BERGEN BANK A/S
DEN NORSKE CREDITBANK
THE BANK OF NOVA SCOTIA CHANNEL ISLANDS LIMITED
CHEMICAL BANK
DEUTSCHE BANK
COMPAGNIE FINANCIÈRE LUXEMBOURG
MIDLAND BANK PLC
ALGEMENE BANK NEDERLAND N.V.
BANKERS TRUST COMPANY
BANQUE INDOSUEZ
CANADIAN IMPERIAL BANK GROUP
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
FIRST INTERSTATE BANK OF CALIFORNIA
GRINDLAYS BANK p.l.c.
THE ROYAL BANK OF CANADA GROUP
SOCIÉTÉ GENERALE
TEXAS COMMERCE BANK NA
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
CHRISTIANIA BANK OG KREDITKASSE
UNION BANK OF NORWAY LTD.
THE CHASE MANHATTAN BANK, N.A.
CREDIT LYONNAIS
MANUFACTURERS HANOVER BANK (GUERNSEY) LTD.
UNION BANK OF SWITZERLAND
BANK OF AMERICA N.T. AND S.A.
BANQUE DE LA SOCIÉTÉ FINANCIÈRE EUROPÉENNE
SFE GROUP
BARCLAYS BANK INTERNATIONAL LIMITED
COMMERZBANK INTERNATIONAL
SOCIÉTÉ ANONYME
EUROPEAN BANKING COMPANY SA, BRUSSELS
THE FIRST NATIONAL BANK OF CHICAGO
THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED
SCANDINAVIAN BANK LIMITED
THE SUMITOMO BANK, LIMITED
TORONTO DOMINION BANK

Engineering Banks

CITIBANK, N.A.
MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Agent

DEN NORSKE CREDITBANK

February 16, 1984.

UK COMPANY NEWS

USI chief resigns as Hanson takes over

MR GORDON WALKER, chairman and chief executive of U.S. Industries (USI), Connecticut-based manufacturing conglomerate, has resigned following the company's $531m takeover by Hanson Trust.

Hanson's U.S. subsidiary, HMAC Industries, and USI, signed a definitive merger agreement last Friday under which USI becomes a wholly owned subsidiary of Hanson.

Sir Gordon White, chairman of Hanson's U.S. operations, said over the weekend that 19.38m shares of USI common stock had been tendered, which, when taken together with HMAC's holding of 1m USI shares, gives Hanson 88.3 per cent of USI.

Mr Walker had planned to make the company private in a management buyout at $20 per share, before Hanson Trust emerged on the scene and offered shareholders $23 per share.

Following his resignation, Mr David Clarke, president of HMAC, has been elected executive vice president and chief operating officer of USI.

FT Share Information

The following securities have been added to the FT Share Information Service:

Cambium Venture Capital (Section: Trusts, Finance, Land)

Charterhouse J. Rothschild Pacific Investment Trust (Ord and Warrants) (Investment Trusts)

Commercial Bank of Wales (Banks)

Substantial increase seen this year by Lex Service

PROFITS OF Lex Service in the current year are expected to be substantially higher than those for last year.

Reporting to the group's annual meeting Mr Trevor Chinn, chairman, said that in the first four months of the year profits are some 65 per cent higher than for the same period of 1983. However, he said that he did not expect that rate of profit growth to continue on a comparable basis throughout the year particularly as the group reached the later months which were exceptionally strong last year in the electronic components distribution business.

Mr Chinn told shareholders that the corporation tax changes announced in the Budget together with the increasing contribution from the overseas businesses does mean that the growth in profit after tax will not match that of the pre-tax profit in 1984.

In April the group recovered some of the registrations of new Volvo cars lost during industrial unrest experienced in March. Demand so far in May remains strong.

Mr Chinn reports that sales in the electronics components sector for the first four months of 1984 were 90 per cent higher than in those same businesses last year which covered a pre-acquisition period for most of the UK and European businesses. This has resulted in much improved profits.

For DRG first quarter pre-tax profits were ahead of the same period of 1983. Shareholders were told however that despite the better volume of demand margins remain under pressure and the result for the full year would depend in part to the extent to which the group can recoup increased material costs and also restrict unit labour costs by higher productivity.

All business groups experienced a better order inflow in the first three months and this has generated has continued into the second quarter.

At the annual meeting of BICC Lord Pennock, chairman, said that the improved level of activity observed in the latter part of 1983 has continued in the early months of 1984. Improved order levels have been maintained with the exceptions of Canada and South Africa.

At the Reckitt & Colman annual meeting Sir James Cleminson told shareholders that the early results for 1984 "make us confident that progress will be maintained."

Mr Peter Bailey, chairman of the Palma Group — formerly Montfort (Knitting Mills) — reports that the current year has started well. All companies in the group have good order books and management accounts for the first 16 weeks of the year show profits of something over £400,000.

Shareholders at the annual meeting of the Delta Group were told by Mr Geoffrey Wilson, chairman, that there was still little change in market conditions from those prevailing in the latter part of 1983. In view of the demand levels it was encouraging that the year had started well with the group continuing to benefit from the restructuring programme.

Johnson Group Cleaners started the current year well and both profit and turnover were ahead of last year. Reporting to the annual meeting the chairman said that the group was talking with other possible acquisitions. The group was confident that the American venture was soundly established and would have a progressive future.

For Ruberoid the results for 1984 would be good, according to Mr Thomas Kenny, chairman.

Yule forecasts £11.5m

Yule Catto, plantation, building products and industrial chemicals group, has published a profits forecast for 1984 with other financial information to support its bid for Donald Macpherson Group, the Cover Plus paint manufacturer.

Macpherson withdrew its initial acceptance of the £22m bid from Yule Catto when the Finnish company Tikkurila Varitehtaat Oy put in a higher cash offer of 125p per share, or £22.6m.

Yule Catto forecasts a 51 per cent increase in pre-tax profits in 1984 to £11.5m with earnings per ordinary share up 32 per cent to 22p. It hopes to recommend a 37 per cent increase in the dividend to 5.5p net.

The board says that the unaudited results for the first four months of 1984 show a 114 per cent increase in pre-tax profits to £3.9m.

The directors announce a number of other developments including the purchase of a controlling interest in a company which will increase the group's total oil palm acreage by 40 per cent; and approval for a housing development in Johor in Malaysia being built by a joint venture company. Yule Catto intends to sell its 20 per cent stake with a present market value of £9.1m in Goal Petroleum, which has an interest in Wytch Farm.

COMPANY NEWS IN BRIEF

Net revenue at English and International Trust showed an increase from £677,965 to £692,842 following lower tax of £375,765, compared with £394,886, for the year to April 5 1984.

As expected the net final dividend has been lifted from 4.5p to 4.75p which raises the total from 6p to 6.25p. Earnings per 25p share moved up from 6.21p to 6.25p.

Net asset value per ordinary share came to 277½p against 210p—at the interim stage the figure came to 243½p after prior charges at par.

Gross income rose from £1.21m to £1.42m which consisted of dividends and interest of £1.12m (£958,343), deposit interest of £49,472 (£147,610), underwriting and other commissions of £86,999 (£32,932) and subsidiaries' investment dealing profits of £162,962 (£67,749).

* * *

Although turnover of Tranwood Group, manufacturer of hosiery and associated products, fell from £5.42m to £4.81m, taxable profits for the year ended January 31 1984 moved ahead from £22,000 to £75,000.

After a tax credit of £42,000 (£54,000), minorities, £49,000 (£32,000) and extraordinary debits of £6,000 (£25,000), the attributable balance came through up from £20,000 to £62,000.

Basic earnings per 5p share were 0.71p (0.46p) and again there is no dividend.

* * *

Results before tax at the Talbex Group have sunk into losses of £617,000 against profits of £14,000 for the year to the end of July 1983. The directors say that this group has been trading at a small profit for the first six months of its current financial year.

The explain that the accounts have been delayed by the outcome of receivership at the Skelton sub-group, which is reflected in extraordinary debits of £365,000 (credits £139,000).

The main subsidiary Osmond Aerosols increased turnover on the previous year but operated well below capacity with margins under pressure. The last months of the year saw an increase in volume and an improvement in margins which has continued into the current financial year and is expected to be maintained.

The directors hope that business at Osmonds and recent management changes will lead to recovery.

Group turnover increased from £9.16m to £11.25m. Losses per share came to 2.49p against previous profits of 0.09p.

Massey-Ferguson in the black despite declining markets

DESPITE a continued general decline in markets for agricultural tractors, industrial machines and diesel engines, Massey - Ferguson Holdings achieved a return to profits in the year to the end of January 1984. The improvement was in line with predictions made by the directors last year.

Profit on ordinary activities after taxation was £365,000 compared with a loss of £42.75m in the 15 month period to January 31, 1983, when the company changed its year end. Turnover for the year was £533.75m compared with £609.16m.

Mr M. G. Bird, chairman, says that, because the company had for many years figured in the "first fifteen" of British exporters, sending abroad more than three-quarters of its production, future progress must be "heavily dependent on the state of world markets."

Mr Bird says that the British company was helped by the world-wide rationalisation programme of Massey-Ferguson of Canada, of which it is a subsidiary. This had entailed the cessation of production of tractors, industrial tractor-digger-loaders, and diesel engines in the US. Responsibility for the supply of many of the products concerned has now been assumed by the plants in Coventry, Manchester and Peterborough.

"These developments" Mr Bird says "have enhanced both the scope and the security of our manufacturing base in the UK, and we can anticipate at least some further progress in the current year."

Mr Bird says it was significant that during the period markets had, with the exception of a few limited and patchy improvements, generally declined. The main underlying reason for the profits turn-round was the reduction in operating costs which were achieved through increased efficiency at British locations.

"The group is now well placed to benefit from any recovery in our major markets," he says.

Second half fall leaves Slaters down

SECOND-HALF pre-tax profits of Slaters Food Products, fresh and frozen meat USM company, dropped from £344,000 to £221,000 and left the figure for the full year ended March 30 1984 behind at £503,000, compared with £587,000. Turnover moved ahead from £9.97m to £10.44m.

The directors say that although the overall market is very competitive, they believe the company will produce results in the current year that will reflect their optimism and confidence in the future of the business.

They explain that the main reason for the disappointing results was the failure to increase turnover despite spending £200,000 on advertising. This campaign which took place during the hot summer months of last July and August, had very little effect on increasing sales. In addition the company failed to increase the sales penetration in the south of England because of poor sales representation, directors say.

Since the start of the current year, the sales force has been reorganised and a new senior executive appointed to be responsible for marketing and developing new major national accounts in the south.

After tax of £39,000 (£16,000) and an extraordinary debit of £25,000 last time, earnings per 10p share were 8p (10.8p) and the dividend is stepped up to 2.2p (1.8p) with a final payment of 1.3p. Mr D. Cooper, chairman, has waived the final on 2.78m shares.

Fraser seeks OFT verdict

The House of Fraser board, which next meets on Wednesday May 22 in Glasgow, is pressing the Office of Fair Trading for a verdict by the end of the week on Lonrho's attempts to pack the board with directors who represent Lonrho's interests.

Uncertainty over the number and names of nominees for the board has delayed the printing of the House of Fraser report and accounts. A list of directors standing for election to the board has to be published 21 days before the AGM scheduled for Thursday June 28.

The House of Fraser board also hopes to know before the AGM the conclusion of the DTI on the investigation conducted by John Griffiths QC into possible concert party buying of Fraser shares involving Lonrho last year.

Mowlem

International Construction, Property Development, Mechanical Engineering, Laboratory Instruments and other Technological Services for Construction and Industry.

Key points from Mr Philip Beck's statement to shareholders

- Turnover up by 13% from £293m to £330m
- Pre-tax profits rose by 19% from £8.5m to £10.1m
- Dividends up by 6.7% (14.4% Rights adjusted)
- Mount Pleasant Airfield in the Falklands now under construction
- Additional work on Diego Garcia; Barclay-Mowlem improves
- Buehler contributes 9 months profits in line with acquisition expectations
- Work load at end March 1984 stood at a record £330m
- Further progress forseen for 1984 despite difficult conditions.

Summary of Results	1983 £m	1982 £m
Turnover	330.0	293.0
Profit before tax	10.1	8.5
Profit after tax	6.5	5.6
Shareholders' Funds	51.4	49.0
Earnings per share	27.0p	26.4p
Dividends per share (net)	11.2p	9.8p
Shareholders' Funds per share	202p	231p

Copies of the Annual Report, containing the Chairman's Statement in full, are available from The Secretary, Westgate House, Ealing Road, Brentford, Middlesex TW8 0QZ.

MLM John Mowlem & Company PLC

The abridged results reflect the unqualified audited accounts filed and to be filed with the Registrar of Companies. 1982 share data is adjusted for 1983 Rights Issue.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	9 %	■ Hill Samuel ††	9½%
Allied Irish Bank	9½%	C. Hoare & Co. †	9 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
Henry Ansbacher	9½%	Kingsnorth Trust Ltd	10 %
Armco Trust Ltd	9½%	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp	9 %	Lloyds Bank	9 %
Banco de Bilbao	9½%	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10½%
BCCI	9½%	Meghraj and Sons Ltd.	9½%
Bank of Ireland	9½%	Midland Bank	9 %
Bank of Cyprus	9½%	■ Morgan Grenfell	9 %
Bank of India	9½%	National Bk. of Kuwait	9 %
Bank of Scotland	9½%	National Girobank	9 %
Banque Belge Ltd.	9½%	National Westminster	9 %
Barclays Bank	9½%	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	People's Tst. & Sv. Ltd.	9½%
Bremar Holdings Ltd.	9 %	R. Raphael & Sons	9 %
Brit. Bank of Mid. East	9 %	P. S. Refson & Co.	9 %
■ Brown Shipley	9½%	Roxburghe Guarantee	9½%
CL Bank Nederland	9 %	Royal Trust Co. Canada	9½%
Canad Permn't Trust	9½%	■ J. Henry Schroder Wagg	9½%
Castle Court Trust Ltd.	9½%	Standard Chartered ‖	9½%
Cayzer Ltd.	9½%	Trade Dev. Bank	9½%
Cedar Holdings	9 %	TCB	9 %
■ Charterhouse Japhet	9½%	Trustee Savings Bank	9 %
Choulartons	10½%	United Bank of Kuwait	9 %
Citibank NA	9½%	United Mizrahi Bank	9 %
Citibank Savings ¶	9½%	Volkskas Limited	9 %
Clydesdale Bank	9½%	Westpac Banking Corp	9 %
C. E. Coates	10½%	Whiteaway Laidlaw	9½%
Comm. Bk. N. East	9½%	Williams & Glyn's	9 %
Consolidated Credits	9½%	Wintrust Secs. Ltd	9 %
Co-operative Bank	*9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk	9½%		
Dunbar & Co. Ltd.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	9½%		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd	9½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9½%		
Heritable & Gen Trust	9½%		

■ Member of the Accepting Houses Committee.
* 7-day deposits 5.75%. 1-month 6.50%. Fixed rate 12 months £2,500 8.5% £10,000. 12 months 9%.
† 7-day deposits on sums of under £10,000 5%, £10,000 up to £50,000 6¾%, £50,000 and over 7¼%
‡ Call deposits £1,000 and over 5¾%.
‖ 21-day deposits over £1,000 7%.
§ Demand deposits 5¾%. ¶ Mortgage base rate.
†† As from close of business, Friday, May 11, 1984.

King & Shaxson PLC

STATEMENT OF THE CHAIRMAN, Mr. T. S. HOHLER, M.C.

to be presented at the Annual General Meeting of the Company on 11th June 1984

The modest optimism expressed in my last statement has been borne out by events and your Company has enjoyed a reasonably profitable year against a background nf a declining trend in Sterling interest rates. However, the pressure nn both running and dealing margins has continued unabated especially in the highly competitive commercial bill market.

At the beginning of the year clearing bank base rates stood at a level of 10%, falling in three ½% movements to reach 8½% on 14th March 1984 with the exception of nne clearing bank whose rate remained at 8¾%. Whilst welcome, each successive fall has looked harder to justify oo grounds other than political desirability.

Your Directors report a profit for the year of £1,100,000 after provision for rebate, tax, and transfer to inner reserves. A final dividend of 5.75p is proposed making a total for the year of 8.25p, an increase of 10% over 1983.

To turn to the future, changes are occuring in the structure of the Stock Exchange brought about by the agreement with the Governmeot to phase out fixed minimum commissions. These could have dramatic consequences for your Company, especially in the area of gilt-edged market-making. Several powerful groupings have already been formed in anticipation of a remodelled securities industry based oo the American system. Your Board is cootinuing to give active consideration to any potential oew sources of profit.

As tn the current year, the immediate outlook is somewhat discouraging. I have already referred to the pressure on margins and, as I write, there is a very real fear of an immineot increase in clearing bank base rates. Althnugh the re-elected Conservative Government maintains its strong stand against inflation, Sterling is again under severe threat and cannot be allowed to fall much further against the dollar. Until steps are taken to narrow the US budget deficit, dollar interest rates will remain high and there is every risk of UK rates being dragged up sharply in their wake.

It gives me great pleasure to welcome Mr. Christopher Robinson to the Board of your Cnmpany. *His experience of international as well as domestic markets will* be of great value.

Finally, I would like to express my thanks to all the management and staff for the skill and effnrt they have put into annther very busy and far from easy year.

Copies of the 1984 Annual Report and Accounts may be obtained from The Secretary, King & Shaxson PLC, 52 Cornhill, London EC3V 3PD.

FINANCIAL TIMES STOCK INDICES

	May 18	May 17	May 16	May 15	May 14	May 11	1984 High	1984 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	79.60	78.95	79.87	78.69	79.63	79.75	83.77	79.60	127.4	49.18
Fixed Interest	84.07	84.74	84.76	84.57	84.60	85.00	87.48	84.07	150.4	50.53
Industrial Ord	874.4	884.5	878.4	878.0	874.0	871.0	888.8	770.3	922.8	49.4
Gold Mines	637.8	645.4	687.5	612.2	597.8	616.6	711.7	520.2	734.7	43.8
FT-Act. All-Share	512.75	523.81	512.92	515.37	511.18	511.65	530.71	470.03	536.71	61.92
FT-SE 100	1104.2	1113.0	1104.5	1094.6	1082.4	1078.7	1141.6	997.5	1141.6	997.6

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Australia and New Zealand Banking, Brooks Tool Engineering, Consolidated Co. Bultfontein Mine, Dutoitspan Mines, Espley Trust, Griqualand West Diamond Mining, Radio City (Sound of Merseyside).

Finals: Associated British Foods, Bishopsgate Trust, Bonusband, Cakebread Robey, Ivory and Sime, J. E. O. Computer, Monks Investment Trust, Prince of Wales Hotels.

FUTURE DATES

Interims—

ASEA AB	May 24
Borthwick (Thomas)	May 31
City Site Estates	May 29
Hanson Trust	June 5
McCorquodale	June 6
Union Steel Corporation (of South Africa)	May 29

Finals—

Benlox	May 22
British and American Film	May 22
Brownlee	June 6
Cautings	May 25
Control and Sherwood	July 5
Owwson International	June 21
Harrisons and Crosfield	May 30
Tranwood	May 22

BARCLAYS BANK

Prime Account
P.O. Box 125
Northampton NN1 1SU

Prime Account interest rate
8.75% nominal
9.04% APR

BARCLAYS

Barclays Bank PLC. Reg. No. 48839
Reg. Office:
54 Lombard St., London EC3P 3AH

LADBROKE INDEX
Based on FT Index
870-874 (−5)
Tel: 01-493 5261

GLEESON

Civil Engineering & Building Contractors

Unaudited results of the Group for the half year ended 31st December, 1983:-

	Half year ended 31st December 1983 £000	1982 £000
Turnover	35,131	36,331
Profit before tax	1,911	1,283
Tax	751	248
Profit after tax	1,160	1,035
Earnings per Share	11.60p	10.35p
Interim dividend	1.43p	1.30p

★ Pre-tax profits increased by 49%

★ Rents and Interest Received totalled £1,142,000, an increase of £268,000

★ Interim dividend increased by 10%

★ Results for current year are expected to compare favourably with 1982/83

Copies of the full interim report are available from the Secretary, M. J. Gleeson Group plc, Haredon House, London Road, North Cheam, Surrey SM3 9BS.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest renunc. date	1984 High	1984 Low	Stock	Closing price	+or−	Net div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Assoc Brit Ports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	BellGifford Technology	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Biotechnology Inv 50c	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Body Shop 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Britest 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cliff Oil Warrants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Comcap 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cons. Venture Tst Wts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Delaney Group 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Eng. & Int'l Tst. War.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	First Leisure Corp. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fledgeling Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Warrants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Greggs 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Havelock Europa 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Meadow Farm Produce 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Morris (W.) Fine Arts 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Osprey Communications	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pantherella	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Plan Invest. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Plantation & Gen Inv	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ramco Oil Ser's 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	SPRAT 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Warrants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sun Int. Pt.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sutherland (E.T.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tyrod (W. & J.) 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Utd. Biscuits Warr'nts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wordplex 50p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest renunc. date	1984 High	1984 Low	Stock	Closing price £	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Border & S'thern 11¼% Deb. 2016	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Britannia Arrow 9% Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Burton Grp. 8% Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	EDF 11¾% Ln. 2009/12	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Eng. & Intl. Tst. 1st Mort. Deb. 2014	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Finland 11¼% Ln. 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Home Charm 7½% Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MEPC 10¼% 1st Mort. Deb. 2024	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide 9¾% 19/5/85	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Province de Quebec 12¼% Ln. 2020	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	TR City of London 11% Deb. 2014	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Trinidad & Tobago 12¼% Ln. 2009	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest renunc. date	1984 High	1984 Low	Stock	Closing price p	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aldcorn Intnl. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Amstrad 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Scotland £1	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brit. Car Auction 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Broken Hill Prop. A$2	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brown Boveri Kent	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Evered	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ferguson (James) 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fisher (A) 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Garfunkels Rest 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gencor 40c	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Glenfield Lawrence	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Intervision Video 20p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Manganese Bronze	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norfolk Cap. 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norton (W.E.) 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Scottish TV "A" 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Waco Group 20p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Websters 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Westlings	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Williams Hldgs.	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. † Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters (or fully-paid). ■ Introduction. ◆ Unlisted Securities Market. ‡ Placing price. †† Official London Listing. * Offered as units comprising one ord and one R/V A ord. ‡ No par value. § Price at suspension.

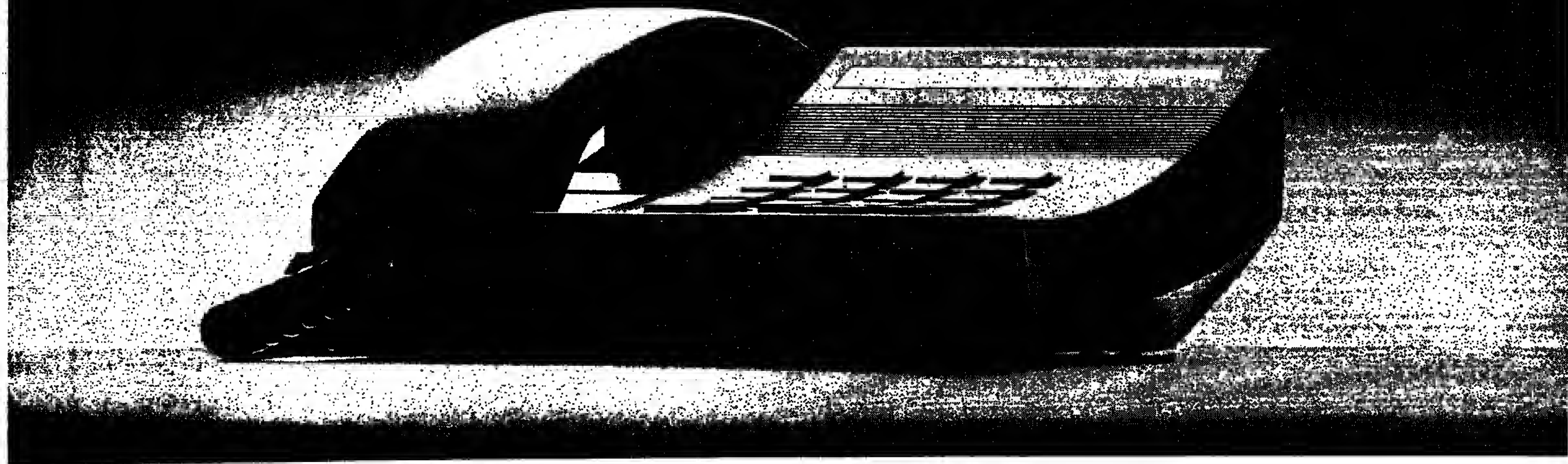
PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*Aitken Hume	May 29	Final 2.75	Johnson Firth Brown	June 9	Interim nil
*Allied-Lyons	June 19	Final due	Johnson Matthey	June 15	Final 7.0
Anglo American Coal Corp SA	June 4	Final 75c	Kenning Motor	June 14	Interim 2.2
Argyll Foods	May 21	Final 2.6	LRC Intl	June 27	Final 2.0
*AB Foods	May 21	Sec int 3.2	*London and Northern	May 23	Final 2.5
*Allied Irish Bank	May 23	Final 4.5	London & Overseas Freighters	June 17	Final nil
*ANZ	May 21	Interim 14cts	*MK Elec	June 14	Final 4.25
*Avon Rubber	May 23	Interim 1	*MEPC	June 26	Interim 2.0
BPB Ind	May 25	Final 7.8	*McCorquodale	June 6	Interim 3.75
Baker Perkins	June 23	Final 3.5	*Metal Box	June 12	Final 8.61
*Bass	June 6	Interim 2.93	*Meyer Intl	June 19	Final 2.25
Beecham	June 21	Final 5.0	*Midland Assets	May 25	Final 3
Berisford (S. & W.)	June 20	Interim 3	*Northern Foods	June 20	Interim 2.25
*Boots	June 13	Final 6	Paule and Whites	June 12	Final 5.5
British & Comm. Shipping	June 19	Final 6.5	Pegler-Hattersley	June 8	Final 7.65
Burnett & Hallamshire	June 23	Final 9.5	*Pilkington Bros	June 13	Final 6.5
Cable and Wireless	June 13	Final 5.0	*Plessey	May 24	Final 1.946
Capital and Counties	May 25	Final 3	Polly Peck	May 29	Interim 3
Carless Capel	June 10	Final 1.75	Powell Duffryn	June 21	Final 5.25
*Cater Allen	May 24	Final 18.95	*Premier Cons	June 14	Interim 10%
Charter Cons	June 21	Final 7.25	*RHM	June 22	Final 5.24
*Chloride	June 12	Final nil	Racal Elec	June 22	Final 4.114
Chubb	May 23	Final 4.00	Redland	June 22	Final 5.14
Coalite	June 1	Final 6.3	Reed Intl	June 21	Final 10.0
*Courtaulds	May 28	Final 2.25	Rowntree	June 20	Final 4.25
Crest Nicholson	June 22	Interim 1.25	Samuel (H.)	June 1	Final 6.1
*Dowty	June 21	Final 3.0	*Sainsbury (J.)	May 22	Final 3.93
*De La Rue	June 12	Final 16.9	Scottish and Newcastle Brws	June 29	Final 3.163
Electronic Rentals	June 12	Final 2.088	Sears	June 22	Final due
Elliott (B.)	June 9	Final nil	Sketchley	June 7	Final 7.0
English China Clays	June 18	Interim 3.25	*Smith Bros	May 30	Final 0.8
*Estel	May 24	Final 7.5	Staveley Inds	June 19	Final 9.0
Ferguson Indl	June 22	Final 3.6	*Tate & Lyle	May 30	Final 9.0
Ferranti	June 23	Final 3.7	Tesco	June 18	Interim 4.5
*Great Portland Estates	June 6	Final 4.0	Tozer Kemsley	June 15	Final nil
Guinness (A.)	June 14	Interim 1.656	Trident TV	June 14	Interim 1.5
*Habitat Mothercare	May 31	Final 4.0	Trusthouse Forte	June 23	Interim 2
Hambros	June 14	Final 37.5	Westwell	May 17	Interim 1.32
*Hanson Trust	June 5	Interim 0.5	Wedgwood	June 21	Final 2.875
*Harrison and Crosfield	May 30	Final 23.8	Westland	June 21	Final 4.0
Hickson Intl	June 3	Interim 3.0	*Whitbread	June 19	Final 2.85
Hill Samuel	June 2	Final 6.3	Wolverhampton & Dudley Brws	May 24	Interim 2.3
*ICL	May 22	Interim due			
*Inchcape	May 23	Final 11.0			
Intl Signal	June 14	Final due			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

What sort of company would employ a hi-fi designer to create a telephone?



A company like ITT.

The conventional telephone set has not significantly changed in its basic design for over 40 years.

But, with the enormous possibilities created by the advent of digital telecommunications and advanced electronics in the mid-1970's, ITT believed the time had come for a radical re-appraisal.

In Denmark, ITT approached Jakob Jensen, renowned designer of some of Scandinavia's strikingly elegant hi-fi systems, and commissioned him to style a telephone, not just for the 1980's, but way beyond.

*A trademark of the ITT system

The result was Digitel 2000.*

A single glance tells you that Digitel 2000 is beautiful. But, as with all truly good design, its beauty is more than skin deep.

The sound quality is remarkably true and you can control the volume, and even operate the phone "hands-off". The microphone and the built-in loudspeaker are so powerful you can put the receiver in the middle of a large table and leave it to pick up everybody's voice.

In other versions the Digitel 2000 can, among other things, incorporate a printer, or an answering service, store up to 60 numbers, dial calls for itself, or even be linked into a computer system, becoming a low cost terminal in its own right.

Digitel 2000, which is but one of ITT's range of advanced telephones, has been designed as the telephone of the future.

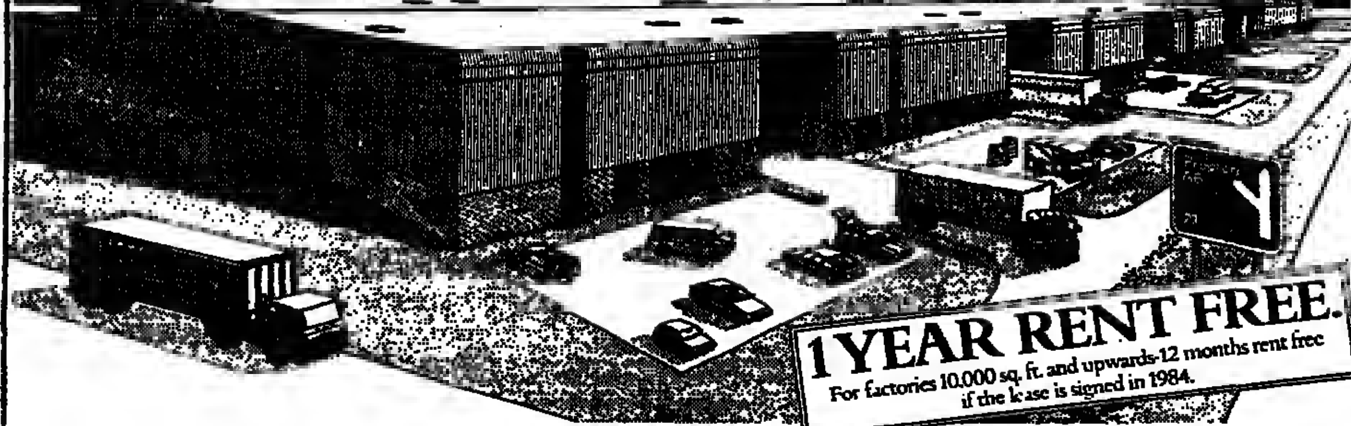
In Denmark, however, where the Jutland Telephone Company has already installed hundreds of thousands of sets, and in many other countries where Digitel 2000 is now in service in large numbers, it's very much the telephone of the present.

The best ideas are the ideas that help people.

European Headquarters, Avenue Louise 480, B-1050 Brussels, Belgium.

SUPERB 142,000 SQ.FT. M6 MOTORWAY UNIT.

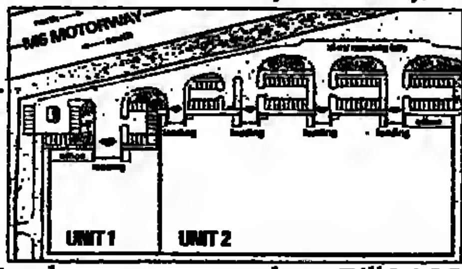
Can be sub-divided into multiples of approximately 30,000 sq.ft.



1 YEAR RENT FREE.

For factories 10,000 sq. ft. and upwards-12 months rent free if the lease is signed in 1984.

- ☐ Ultra-modern M6 motorway warehousing development. Unit 1 is a self-contained unit of about 30,000 sq. ft. Unit 2 provides some 112,000 sq. ft., available as one unit or divided into smaller areas for individual lettings if required.
- ☐ Within a 100 mile radius are over 19 million people–more than the combined populations of the countries of Norway, Sweden and Denmark.
- ☐ Located at Walton Summit Employment Centre, the warehouse is just two minutes drive from junction 29 of the M6 motorway, and mid-way between London and Glasgow.
- ☐ The M61 and M55 motorways are only 10 minutes distant.
- ☐ Manchester Docks are just 50 minutes away by road.



- ☐ Liverpool Container Port is 60 minutes away.
- ☐ Manchester Airport is under 50 minutes by motorway, and London about 2½ hours on the electric inter-city.
- ☐ Good design and an attractive site layout make Walton Summit an exceptionally pleasant place to work. Private and rented housing is readily available.

For more information telephone Bill McNab FRICS, Commercial Director, on Preston 38211. Or write to the address below.

Central Lancashire
A BETTER PLACE TO BE

CENTRAL LANCASHIRE DEVELOPMENT CORPORATION, CUERDEN HALL, BAMBER BRIDGE, PRESTON PR5 6AX. TELEPHONE: PRESTON (0772) 38211.

BELGRAVE HOUSE
76 BUCKINGHAM PALACE ROAD SW1

Up to 52,858 Sq.ft. Offices To Let

SAVILLS

20 Grosvenor Hill, Berkeley Square, London W1X 0HQ.
Telex: 263796.

01-499 8644

Guess which is the best way to save your company money?

**The Mitel Superswitch.
The world's most advanced telephone systems.
For companies needing 10-10,000 extensions.**

Salting money away in a bank may have much to commend it from the viewpoint of personal thrift.

However, from a business vantage point, investment in modern equipment can very often lead to more constructive long-term savings.

A good example of such an investment is a Mitel Superswitch – particularly for any business currently using a non-electronic telephone system.

Over 160 business-building benefits.

All Mitel Superswitches have an amazingly wide range of features that can save your business both time and money.

For instance, you can save time by dialling just 3 digits to reach any external number you want to call regularly.

You can control telephone costs by preventing selected extensions from making certain types of calls – or by keeping an exact record of calls made by any extension.

You can also make whole departments like Sales and Service much more efficient in answering customer telephone calls. You simply arrange them in groups so that incoming calls to the group automatically search for a free extension. If that extension isn't manned, anyone else in the group can transfer the call to their own extension.

In all, our Superswitches can offer over 160 benefits like these. As they are programmable, any combination can be allocated to any individual extension.

Tried and tested technology.

All the features and benefits you will get from a Mitel Superswitch result from our unique world-leading micro-processor design. A technology that has already made over 60,000 businesses in over 70 countries much more cost-effective and productive.

Also all Superswitches can be tailored to meet your needs today and then enhanced to grow as you grow.

For more details, simply fill in the coupon below.

You will find that the Mitel system that is right for you could have a major impact on the future of your business.

Mitel Telecom Limited, Severnbridge Estate, Portskewett, Gwent NP6 4YR. Tel: (0291) 425123/423355. Telex: 497360 or Mitel Telecom Limited, Slough. Tel: (0753) 76121. Telex: 847730.

Building Better Communications Worldwide

Please send me further information on the Mitel Superswitches FT18/5

Name________ Address________

Position________

Company________ Tel________

Number of telephone extensions currently used by Company________

Their boardroom wall.

Our boardroom wall.

EXECUTIVE TRAVEL
AIRLINE OF THE YEAR AWARDS
This is to certify that
British Midland Airways
has been voted by readers of
Executive Travel magazine
Best U.K. domestic carrier 1983

It seems the world's favourite airline isn't.

British Midland was voted Domestic Airline of the Year by the readers of Executive Travel magazine. (And thank you very much, all of you.) British Airways didn't even merit second place.

Though they may well pamper you should you ever fly abroad, to Timbuktu or wherever, on internal flights they simply do not, or cannot, match British Midland's excellent service.

But it's not simply because we give a meal on every one of our DC9 jets, where Super Shuttle only goes as far as breakfast.

And it's not because our pre-booking procedure enables the businessman to turn up and step on the aircraft, with no hanging around at the airport. Nor is it because our staff are acknowledged to be more friendly and more helpful.

No, there's a more fundamental difference. British Midland is run by the people who own the airline. To prosper, we must go out of our way to win every passenger's vote of confidence. Not just our reputation, but our future depends on it.

British Midland-we're taking off.

FLYING FROM HEATHROW TO BELFAST, EDINBURGH, GLASGOW, BIRMINGHAM, EAST MIDLANDS, LEEDS/BRADFORD, LIVERPOOL AND TEESSIDE.

FIABCI '84
LONDON
LONDON 27 MAY–1 JUNE 1984

35th WORLD CONGRESS OF THE INTERNATIONAL REAL ESTATE FEDERATION
FRIDAY 1st JUNE

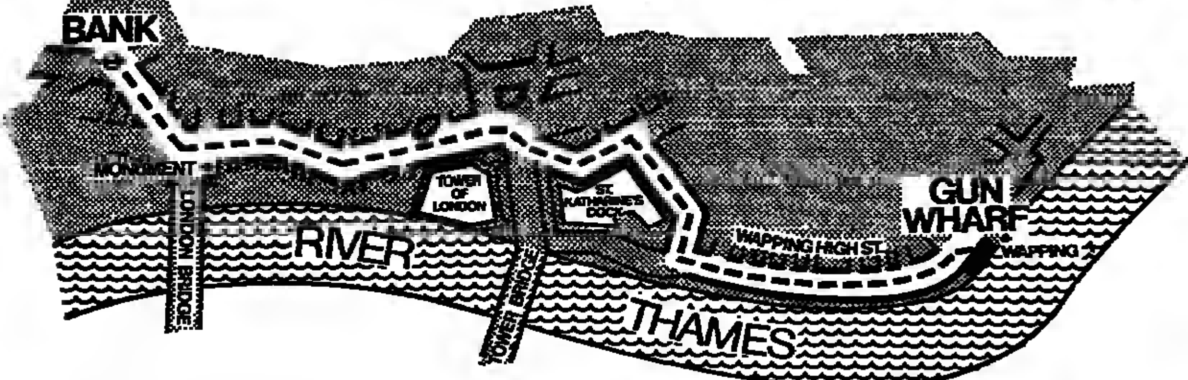
CLOSING CEREMONY AT THE ROYAL FESTIVAL HALL

Speakers—Walter Goldsmith
Director-General Institute of Directors
—Des Wilson
Chairman of Friends of the Earth (UK)

Inauguration of Clive Lewis as World President 1984-85

Registration details from:
SECRETARIAT
CONFERENCE ASSOCIATES
FIABCI '84
34 STANFORD ROAD
LONDON W8 5PZ
01-937 2163

From Gun Wharf you can stroll all the way to the Bank.



A choice of 2 bedroom luxury flats from £73,000.

If you work in the City, living in a luxury flat at Gun Wharf just couldn't be handier. Tower Bridge is less than a mile away, the Bank just a step or two further.

And added to the convenience of being within walking distance of work is the pleasure of living in a home of considerable style and character.

Because at Gun Wharf, a converted spice warehouse by the river at Wapping, Barratt have once again shown their skill at breathing new life into a historic building. Behind the elegant distinctive facade, the six 2-bedroom flats are really large and offer outstanding comfort. Each with dining area, fully fitted Wrighton kitchen and two large bedrooms with wardrobes.

And Barratt have a fine range of schemes to make buying easy.

Just ask for the details. You can view the flats at Gun Wharf any day between 11am and 6pm (Mondays only 2-6pm). Or call 01-265 1282.

As a home, as an investment, at Gun Wharf, you really are laughing all the way to the Bank.

Barratt
Barratt East London Ltd.,
Warton House, 150 High Street, Stratford E15 2NE, Phone: 01-555 3242.

A great opportunity to land on MAYFAIR

PRINCE FREDERICK HOUSE
Impressive new development designed and built to the highest standards.
Office suites of 2200 and 3500 sq ft.
Two remaining shops of 650 and 1060 sq ft.

Goddard & Smith
22 King Street, St. James's, London SW1Y 6QZ
Telephone: 01-930 7321
Telex: 8955411

Warehouse & Industrial Properties To Let and For Sale

Chelmsford	6,350 sq.ft. and 7,300 sq.ft.
Colchester	1,050 sq.ft. to 7,900 sq.ft.
Exeter—Freehold	13,000 sq.ft.
Isleworth	9,600 sq.ft.
Liverpool—Freehold	3,260 sq.ft.
Newport (Gwent)	7,300 sq.ft.
Peckham	4,100 sq.ft. and 4,550 sq.ft.
Wellingborough Enterprise Zone	3,000 sq.ft. to 9,000 sq.ft.

DRIVERS JONAS
Chartered Surveyors
16 Suffolk Street, London SW1Y 4HQ
01-930 9731

(K) for Industry

AYLESBURY
Factory & Office
58,600 sq ft
LEASE AVAILABLE

CAMBERLEY
5,480 sq ft
Factory/Headquarters Unit
Main Road Frontage
TO LET

COULSDON
21,200 sq ft
Warehouse
LEASE FOR ASSIGNMENT

GREAT BOOKHAM, SURREY,
Modern Factory Units
2,800-24,000 sq ft
Available Now
TO LET

LONDON N4
Contractor's Yard, Motor Pool, Workshops & Warehouse
18,000 sq ft
TO LET

ST ALBANS
14,200 sq ft
Modern Factory/Warehouse
TO LET

WATFORD
13,278 sq ft
Warehouse Unit
SHORT TERM LET

WEST THURROCK, ESSEX
Modern Office/Warehouse & Workshop Premises
40 250 sq ft on 4.5 Acres
FOR SALE FREEHOLD

King & Co
Chartered Surveyors
01-236 3000
1 SNOW HILL LONDON EC1
Manchester
Leeds · Birmingham
Edinburgh · Brussels

IN THE CENTRE OF LONDON

A new development providing modern practical and efficient offices of outstanding design and incorporating the latest technological advances.

THE QUADRANGLE WEST ONE

THE CENTRE OF ATTENTION

Office Areas from 5,000 sq.ft.
Office Floors from 15,000 sq.ft.
Total Office Content 52,000 sq.ft.

DRIVERS JONAS
Chartered Surveyors
16 Suffolk Street, London SW1Y 4HQ
Telephone: 01-930 9731
Telex: 917080

100 Avenue Road Swiss Cottage NW3

An Air-conditioned ... Exceptional Corporate Identity

Sinclair Goldsmith
CHARTERED SURVEYORS
Tel: 01-486 6060

Edward Erdman
Surveyors
6 Grosvenor Street, London W1X 0AD
Telephone: 01-629 8191

Jones Lang Wootton
Chartered Surveyors
103 Mount Street
London W1Y 6AS
01-493 6040

Scrubs Lane NW10

Prominent Freehold Industrial/Commercial Development Site
For Sale 1·5 acres

Weatherall Green & Smith
22 Chancery Lane London WC2A 1LT
01-405 6944

A Refurbishment by Victory Land Limited in association with TKM Group Pension Trust Limited

7 Stratton Street
MAYFAIR LONDON W1

Self-contained Office Building of 2,785 sq. ft. with a Director's Suite

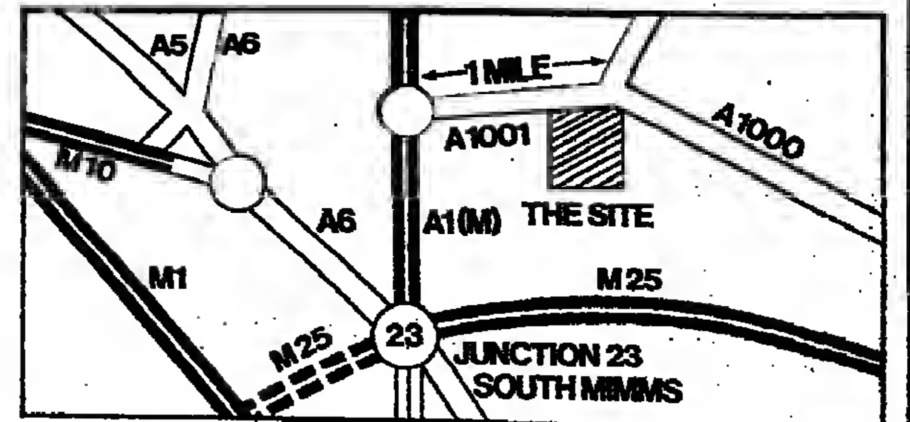
VIEWING
By appointment with the joint letting agents:–

DEBENHAM TEWSON & CHINNOCKS
01-408 1161

JOHN D WOOD
23 Berkeley Square, Mayfair, London W1X 6AL
Telephone: 01-629 9050 Telex: 21242

mm On instructions of Morrison Property Developments Ltd.

WELHAM GREEN
SOUTH HERTFORDSHIRE
30 ACRES



TO BE DEVELOPED TO REQUIREMENTS

Ref: IND/BCH.
Hillier Parker
May & Rowden
77 Grosvenor Street, London W1A 2BT 01-629 7666
also City of London Edinburgh and Overseas

MAYFAIR

7 UPPER GROSVENOR STREET & 7 BLACKBURNE'S MEWS

Superb office building complete with luxury mews and garage

A unique opportunity for a company looking to purchase a prestigious London base in the heart of Mayfair: a self-contained Georgian property offering 3,133 sq. ft. of offices and an adjoining newly built 3 bedroom mews house with garaging for 2 cars.

Both properties finished to the very highest standard.

For further details contact
Charles Whateley on 01-409 3511.
Maxim Properties Limited,
12 Upper Grosvenor Street, Mayfair, London W1.

DRUCE
23 Leinster Terrace, Bayswater, London W2

AUCTION
Thursday 31st May 1984

26 Freehold and Leasehold Shop, Office and Ind. Investments and Vacant Properties Producing in excess of £600,000 per annum

01-724 1222

On the instructions of the North East Thames Regional Health Authority

QUEEN MARY'S HOSPITAL
Stratford London E15

an important freehold development site 2.9 acres approx
To be sold

DEBENHAM TEWSON & CHINNOCKS
01-408 1161

46 Berkeley Square Mayfair W1

A magnificent period office building with car parking

17,290 sq.ft. TO BE LET

SOLE LETTING AGENTS
Herring Son & Daw
Chartered Surveyors
26/28 Sackville Street, London, W1X 2QL
Telex 265162
01-734 8155

Richard Ellis World Wide Offices

BUCKLERSBURY H·O·U·S·E

LONDON EC4

Refurbished Air-Conditioned Ground and First Floor Offices in suites from 3,864-21,368 sq.ft.

TO LET

Richard Ellis, Chartered Surveyors
64 Cornhill, London EC3V 3PS
Telephone: 01-629 6290

By Direction of Arthur Andersen and Company Receivers for Chantry-Keys Securities Limited

CHANTRY HOUSE

Coleshill, Warwickshire

NEWLY REFURBISHED PERIOD BUILDING

21,345 sq. ft.

65% Income Producing

FOR SALE

GRIMLEY & SON
2 St. Philip's Place
Birmingham B3 2QQ
Tel: 021-236 8236

ST. QUINTIN
7 Hanover Square
London W1R 9HE
Tel: 01-499 8626

FREEHOLD HIGH TECH INVESTMENT

Bicester, Oxon

Close to proposed M40 extension

Let to PLC on 20 year FRI Lease

Rental £37,500 pa ex First Review June 1985

EDWARD SYMMONS & PARTNERS Tel. 01-834 8454
56/62 Wilton Rd. London SW1V 1DH

William Willett

PROMINENT CORNER LOCATION
LONDON, W9
EXISTING BUILDING 8,500 SQ FT
with Outline Planning Consent for 29,000 SQ FT OFFICES
FREEHOLD FOR SALE

7 LOWER SLOANE ST. SW1 01-730 3435

PSO GROUP

Albemarle Street W1

REVERSE PREMIUM

app. 1275 sq.ft. To Let

Recently refurbished, carpets, double glazing, c.h., lift.

Gross Fine+Krieger Chalfen

01-493 3993

FACTORY/SITE

Park Road
Gateshead, Tyne & Wear
FREEHOLD FOR SALE
Suitable for Distribution Depot/Cash & Carry
- Main road frontage
- Floor Area 137,500 sq ft Site Area 9.15 acres
- Possible division or other uses
- Situated on Gateshead by-Pass
- OFFERS FOR FREEHOLD

STOREY SONS & PARKER
Chartered Surveyors
Higham House, Newcastle upon Tyne - Tel: (0632) 326291

UNDERGROUND CAR SPACES

FOR SALE

An opportunity to acquire a long leasehold interest in VACANT underground garage close to Sloane Square providing up to 20 spaces. Floor area in the region of 4,750 sq. ft. 118-year lease. Price upon application.
Aylesford & Co (Estate Agents) Ltd, 440 Kings Rd, London SW10 0LH
Telephone: 01-351 2383
Telex: 916048 Aylrd-G

Piccadilly House

REGENT STREET LONDON S.W.1

Superb Air-Conditioned Office Suite

2,680 sq.ft. approx.

DE&J LEVY
01-930 1070
Estate House 130 Jermyn Street
London SW1Y 4UL Telex 267761

WANTED

FREEHOLD DESIGN STUDIO

5/7000 sq. ft. within reach of the West End. Will consider light industrial.
Richard Mott, The Jenkins Group
2 North Terrace, London SW3 2BA

GROSVENOR SQUARE (off)

PRESTIGE SELF-CONTAINED OFFICE BUILDING

7,300 SQ. FT. APPROX.

14 year lease fixed at £5,800 pax
Lift - CH
Substantial premium required

KENNETH BROWN & CO.
629 6102

ALBION MOTORWAY INDUSTRIAL PARK

OLDBURY ROAD/SPON LANE, WEST BROMWICH

A PRESTIGE 38 ACRE INDUSTRIAL DEVELOPMENT BY PILKINGTON INDUSTRIAL ESTATES LIMITED

- New Industrial/Warehouse units in sizes from 6,525 to 41,650 sq. ft.
- Additional land available in plots from ½ acre upwards for custom-built accommodation.
- CADBURY LIMITED are taking 8½ acres for the construction of a 130,000 sq. ft. storage and distribution depot.
- Junctions 1 and 2, M5 motorway, 1 mile.
- Excellent motorway road network.

Joint Agents
Herring Son & Daw 01-734 8155
Bernard Thorpe 021-643 0791

COVENT GARDEN WC2

Air Conditioned Office Floors TO LET

2,650/3280/5700/9000 sq.ft.

£14·75 per sq.ft. pax

FULL DETAILS FROM SOLE AGENTS

Sinclair Goldsmith
CHARTERED SURVEYORS
39-41 Queen Anne Street, London W1M 0AD Telex 28734
Tel: 01-486 6060

Your Company will be in Good Company at

BARNWOOD, GLOUCESTER

Already located:
Barclays Bank Plc., United Biscuits, Crest Hotel.

INDUSTRIAL AND OFFICE SITES

½ acre to 5 acres.

FREEHOLD FOR SALE

BRUTON, KNOWLES – COMMERCIAL –
(0452) 21267
111 Eastgate Street, Gloucester

STAPLES CORNER BUSINESS PARK

London N.W.2.
North Circular Road/ M1 Interchange
10,500sq.ft.-32,680 sq.ft.
To Let.

SHEPHERDS
01-499 0271

OUTGOINGS

PRIME CITY OUTGOINGS £5 sq.ft.

CITY HOUSE EC1

STILL AT LESS THAN £16 p.s.f.
FROM 6,905-31,905 sq.ft.

01-236 4040

GLOUCESTER

Freehold Office for Sale

£250,000

REFURBISHED BUILDING
VACANT POSSESSION
ABOUT 8,000 sq. ft.
LARGE CAR PARK
CENTRAL HEATING

BRUTON, KNOWLES – COMMERCIAL –
(0452) 21267
111 Eastgate Street, Gloucester

SMC

For all commercial sales/lettings
Tel: 0708 66424

Seven Sisters, London N4

Superb New Warehouse and Factory Units
13,000-39,000 sq. ft.
Full Heating & Lighting
Large Yards
LOW RENT

GOLDENBERG & CO.
01-491 4101

NEWBURY BERKSHIRE

Quality Georgian Office Building

5,500 sq ft/23 car spaces

Adjacent to Kennet Centre & Railway Station

No local occupier condition.

TO LET or FREEHOLD AVAILABLE

PEARSONS 0256 62222
EDWIN HILL & PARTNERS 01 631 0997

MAYFAIR

SUPERB GROUND-FLOOR SHOWROOM/OFFICES with frontage and car parking

Sole Agents:
LAURENCE BARRINGTON
01-409 2222

Whiteheads Commercial

9,000 sq. ft. - 38,000 sq. ft.

MODERN OFFICES

with extensive car parking

EASTLEIGH HOUSE, EASTLEIGH, HAMPSHIRE

TO LET

154 London Road, North End, Portsmouth
0705 660811

Other Commercial Offices: Chichester, Worthing, Hove

KINGSTON UPON THAMES
NEW PRESTIGE S/C OFFICE BUILDING
WITH 10 CAR PARKING SPACES
For Sale or To Let
(9,100 sq ft)
Further details from
COTTON COMMERCIAL PARTNERSHIP
37 High Street, Kingston
546 6166

MORTGAGES

on Commercial, Industrial, Residential Properties
— at competitive rates
Write or telephone:
Hirsch Mortgages (Int'l) Ltd.
Europe's leading Mortgage Brokers
15 Berkeley Street, W1
Tel: 01-629 5051 - Telex: 28374

ADVERTISEMENT

BEDFORDSHIRE

BEDFORD

Kilroy, Estate Agents, 60 St Loyes, Bedford. Tel: (0234) 60852.

BERKSHIRE

READING

Buckell & Ballard, 43 Market Place, Reading. Tel: (0734) 67341.

GLOUCESTERSHIRE

CHELTENHAM & GLOUCESTER AREAS

Lawson and Lawson, Chartered Valuation Surveyors & Estate Agents, 3 Regent Street, Cheltenham GL50 1HF. Tel: (0242) 21877 (6 lines).

HAMPSHIRE

SOUTHAMPTON, PORTSMOUTH

Arnold-Brown & Company, Commercial Property Consultants, The Old Bank House, 68 High Street, Lymington, Hants. Tel: 0590 771125/74143.

Hall Pain and Foster, Estate Agents and Surveyors, 21 London Road, Southampton. Tel: (0703) 28915. Also Fareham office.

SOUTHAMPTON, FAREHAM BASINGSTOKE

L. S. Vail & Son, Consultant Surveyors and Estate Agents, 18 High Street, Fareham. Tel: (0329) 285811.

HERTFORDSHIRE

HERTFORD

W. H. Lee & Co. Commercial Department, 21 Castle Street, Hertford. Tel: Hertford (0992) 552772/3.

WATFORD

Gordon Hudson and Co, 147 The Parade, Watford. 39711 (10 lines).

LINCOLNSHIRE

LINCOLN

John H. Walter & Sons, 27/28 Silver Street, Lincoln. Tel: 0522 25454.

LONDON

CITY

Noel Alexander & Partners, Property Advisers to Banks, 70 Queen Victoria Street, EC4. Tel: 01-248 2256.

Baker Richards & Co, Specialists in City Offices, 8 Broad Street Place, London, EC2. Tel: 01-920 0068.

Chestertons, Chartered Surveyors and Estate Agents. City, Holborn and Decentralised Offices. 28 Queen St, EC4R 1BB. Tel: 01-248 5022.

J. Trevor and Sons, Estate Agents, Surveyors and Valuers, 65 London Wall, EC2M 7AD. Tel: 01-628 0735. Also Mayfair, Manchester, Sheffield and Bristol.

BOTHWELL CREATIVE Advertising + Marketing = Property. We create the literature and advertising that sell property. Ring 01-240 2430. 5 Dryden Street, London WC2E 9NW.

Lander Burfield, Chartered Surveyors, 75 Shoe Lane, Fleet St. London EC4A 3BQ. Tel: 01-583 0890. Telex: 892447.

Chestertons, Chartered Surveyors and Estate Agents, West End Offices, Factories, Warehouses, etc. 75 Grosvenor Street, W1X 1LB. Tel: 01-499 0404.

Ralf Diner & Co (Office and Commercial Property Specialists), 178 New Bond Street, W1Y 9PD. Tel: 01-491 3154.

Gerrard Smith & Partners, Estate Agents and Property Consultants, 40 Crawford St. W1. Tel: 01-723 3484. Telex: 23838.

Ian Scott & Co, Estate Agents and Surveyors, Berkeley House, 20 Berkeley Street, London, W1. Tel: 01-499 9811.

J. Trevor and Sons, Estate Agents, Surveyors and Valuers, 58 Grosvenor Street W1X 0DD. Tel: 01-629 8151. Also City, Manchester, Sheffield and Bristol.

SOUTH WEST

James Andrew and Partners, Surveyors and Valuers, 62 Pall Mall, London SW1Y 5HZ. Tel: 01-839 4436. Telex: 29639. New York: 0101 212 307 1067. Telex: 423150.

MERSEYSIDE

LIVERPOOL

Mason Owen & Partners, Commercial Property Consultants, Gladstone House, Union Court, Castle Street, Liverpool L2 4UQ. Tel: 051-227 3651. Also at Manchester, Hull and Dublin.

MIDDLESEX

HOUNSLOW

Horne & Sons, Chartered Surveyors, 181 High Street. Tel: 01-570 2244.

NORFOLK

Temples, Commercial Chartered Surveyors, 58 London Street, Norwich. Tel: 0603 23941.

NORTH-EAST

Storey Sons and Parker, Chartered Surveyors, Newcastle 0632 326291, Middlesbrough 0642 248301, Stokesley 0642 710583, Morpeth 0670 57393.

OXFORDSHIRE

OXFORD

Buckell and Ballard, 58 Commercial St., Oxford. Tel: (0865) 240801 and 15 Offices.

SURREY

EPSOM

Bridgers Commercial, Chartered Surveyors, 70 High Street. Tel: Epsom 41777.

GUILDFORD

Cubitt and West, Commercial Surveyors, 44 High Street, Guildford. Tel: (0483) 77277 or 6058. 16 Offices in Surrey, Sussex and Hampshire.

REIGATE/REDHILL

Maxwell Brown, Chartered Surveyors, Commercial Property Consultants, 1 Somers Road, Reigate. Tel: (07372) 43326.

WOKING

David Smithyes Partnership, Commercial Consultants, 123 Goldsworth Road, Woking. Tel: Woking 23344/5.

SUSSEX

CRAWLEY

Philip James Associates, 8 Brighton Road. Tel: (0293) 21156.

WILTSHIRE

Buckell and Ballard, 106 Commercial Road, Swindon. Tel: (0793) 44511.

WALES

CARDIFF

Cooke and Arkwright, 7/8 Windsor Place, Cardiff CF1 3SX. Tel: (0222) 398151.

Powell & Powell, 6-7 St John's Sq., Cardiff CF1 2SB. Tel: 27666.

BRIDGEND

David E. Little Partners, Chartered Surveyors, 36a Caroline St., Mid. Glam. Tel: (0656) 58445.

YORKSHIRE

SHEFFIELD

Eadon Lockwood and Riddle, Chartered Surveyors, Property Consultants, Sales and Advice in connection with Commercial and Industrial Properties, Portfolio Property Management Investment. 5a Campo Lane, Sheffield S1 2EF. Tel: 753752. Telex: 547480 ELR.

SCOTLAND

ABERDEEN

Burnett (F. G.), Chartered Surveyors, Valuers & Estate Agents. 33 Albyn Place, Aberdeen AB9 8SA. Tel: (0244) 572661.

James R. Thomson (Properties) Ltd., Surveyors, Valuers & Estate Agents, 23 Crown Street, Aberdeen AB1 2HA. Tel: (0224) 631717.

Webster and Co. (Chartered Surveyors), 60 Union Street, AB1 1BB. Tel: (0224) 6268/8.

Kenneth Ryden & Partners, Chartered Surveyors, 201 Union Street, Aberdeen. Tel: 0224 24306.

EDINBURGH

Hillier Parker May and Rowden, 5 South Charlotte Street, Edinburgh. Tel: 031-226 5321.

Kenneth Ryden & Partners, 71 Hanover Street, Edinburgh. Tel: 031-225 6612.

GLASGOW

Kenneth Ryden & Partners, 154 West George Street, Glasgow. 041-333 0065. Webster & Co., 21 West Nile Street, Glasgow. Tel: 041-204 0771.

PLANT & MACHINERY

Airey Entwistle, 28/34 Cross St., Manchester M2 7AQ. Tel: 061-834 9177.

Frank G. Bowen Limited (Est. 1824). Specialist Auctioneers and Valuers of Machine Tools, Textile Machinery Trade Stocks, etc. in the UK. 15 Greek Street, Shaftesbury. Tel: 01-437 3244.

Henry Butcher & Co., Auctioneers and valuers, Brownlow House, 50/51 High Holborn, London WC1V 6EG. Tel: 01-405 8411. Telex: 897737. Also at Birmingham, Bristol, Leeds and Liverpool.

Colebrook Evans & McKenzie, 5 Quality Court, Chancery Lane, London WC2A 1HP. Tel: 01-242 1362. Specialists Auctioneers and Valuers to the Printing Industry.

Eddisons, Chartered Surveyors, Industrial Building, Plant and Machinery Auctioneers and Vlrs. 10 Greek Street, Leeds LS1 5RZ. Tel: (0532) 430101. Also at Huddersfield, Bradford and Halifax.

Edwards Bigwood & Bewlay, 78 Colmore Row, Birmingham B3 2HG. Tel: 021-236 8477.

John Foord, Industrial and Commercial Surveyors, Valuers and Auctioneers of Industrial Property, Plant & Machinery in the UK & abroad for 150 years, 61 Queen's Gardens, London W2 3AH. Tel: 01-402 8361. (Est. 1828.)

Fuller Peiser, Chartered Surveyors, Thavies Inn House, 3-4 Holborn Circus, London EC1N 2NL. Tel: 01-353 6851. Telex: 25916. Sheffield (0742) 750161. Telex: 547098, and Edinburgh. Associated offices: New York, Los Angeles, Toronto, and 20 other offices throughout USA and Canada. Industrial and Commercial Valuers, Appraisers and Auctioneers for property, plant and machinery. Rating, Insurance, Project and Property Management. Agency and Investment Services.

Grimley & Son, 2 St. Philip's Place, Birmingham 3. Tel: 021-236 8236. Also at King St., Covent Garden, London WC2E 8HN. Tel: 01-836 8554, and 9 St James's Square, Manchester M2 6DN. Tel: 061-834 7187.

Industrial Plants Corporation (UK) Ltd., Auctioneers and Valuers of Plant and Machinery, 71a Salisbury Street, Hull HU5 3DU. Tel: 0482 492872. Telex: 527562. Established USA 1919.

ITEB Valuation Services, Valuers of Plant & Property UK & worldwide, Longridge House, Manchester M60 4DT. Tel: 061-833 9282.

Norman Levy Associates Overseas, Guaranteed Valuation and Auctioneers of Plant and Machinery, Morley House, 314/322 Regent Street, London W1R 5AH. Tel: 01-636 0701. Telex: 887291 LEVY G.

Edward Rushton Son and Kenyon (Est. 1855), Valuers, Auctioneers and Loss Assessors, 10 Carlos Place, Grosvenor Sq., London W1Y 6HA. Tel: 01-493 6787. Offices in the UK, Ireland, Australia, New Zealand, South East Asia, Africa and USA.

Smith Melzack, Surveyors, Valuers and Estate Agents, 17/18 Old Bond St., W1. Tel: 01-493 1613.

Edward Symmons & Partners, Auctioneers and Valuers, 56/62 Wilton Road, London SW1V 1DH. Tel: 01-834 8454. Telex: 8954348. And at Manchester & Liverpool.

Walker Walton Hanson, Chartered Surveyors, Valuers and Auctioneers of Plant and Machinery throughout the United Kingdom. Byard Lane, Nottingham (0602) 585161. And at West Bridgford (Nottingham), Mansfield, Sutton in Ashfield, Melton Mowbray and Oakham.

Weatherall Green and Smith, Chartered Surveyors, Auctioneers & Valuers, 22 Chancery Lane, WC2. Tel: 01-405 6944. Telex: 22445. Also at City of London, Leeds, Paris, Frankfurt and New York.

ESTATE AGENTS DIRECTORY

The cost of promoting your company is £76 for twelve insertions of two lines and for each additional line the rate is £27

ALSO

A limited number of 2-centimetre boxes are available at £340 per annum (only £26 per insertion)

For further details please contact:

Andrew Wood, Property Advertising,
Financial Times, Bracken House,
10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 or Telex: 885033

IBA Investments

100% IBA INVESTMENT
"Final Phase"
10% YIELD MINI INDUSTRIAL UNITS Staffordshire (M42)
75% Mortgages.
Tenants Available
Telephone: Tamworth 281031

40,000 sq. ft. Educational use. Central London, will divide. Write Box T.6072, Financial Times, 10 Cannon Street, London EC4P 4BY.

We require for investment clients 100% and 50% capital allowances investment opportunities. Speculative or pre-let.
Bernard Thorpe & Partners
1 Hanover Square, London W1R 0PT
Tel: 01-499 6353
Reference: RCC

For Sale

LAKE DISTRICT
PENRITH (M6)
Town Centre - Retail/Light Industrial/Offices
Freehold - Early VP 32ft Frontage
1,656 net Sq Ft 3 Floors
Thriving & Expanding Market Town
Lowther, Scott Harden & Partners
Tel: (0931) 292 24 hours
Telex: 64482 LOSHAP G

Investments For Sale

ALDERSHOT, HAMPSHIRE. Industrial investment for sale. Pre-let to public company. High office content. Purchase price £280,000. Further details from FRASER, MORGAN & MILLER. Tel: (0252) 24334.

MARGARET STREET W1 Showroom/Office building for sale. Long lease held interest to be let for 99 years from September 1982 ... Ref: DAK. R. I. & B. 01-637 0821.

Offices To Let

CHEAM—Beautiful new s/c office building, 1,200 sq. ft. with parking for 10 cars. Adjacent Cheam Station. Godfrey Grove & Co. Tel: 01-642 6047.

MAYFAIR—Suites of luxury furnished offices available immediately in prestige building. Ideal for senior company directors. Secretarial services available. Albemarle Administration. 01-493 5186.

Offices

SE1. LLOYDS TRIANGLE. 840 sq. ft. Contact VIGERS 01-626 7161. Ref: MS.

BRACKNELL, BERKS—Offices 3,450 sq. ft. Private car parking. Central location. New self-contained building on new lease. A. C. Frost Commercial. Windsor 54353.

BUCKINGHAM GATE, SW1. Newly available superb self-contained suite, 1,863 sq. ft. with carpets. All amenities. Competitive terms. Ring 01-828 3392. Ref: 31W.

To Let

BISHOPSGATE—Self-contained, refurbished air-conditioned banking and office building, 4,000 sq. ft. ... Apply: 01-353 6111. Ref. GHG.

International Property

SWITZERLAND

ATTENTION FOREIGNERS

On MAY 20TH it will be decided by REFERENDUM whether or not FOREIGNERS may continue to purchase apartments and chalets in Switzerland. IT IS VERY LIKELY THAT AFTER THAT DATE THEY WILL NO LONGER BE AVAILABLE FOR FOREIGNERS, except for the limited projects previously authorised. We still have a number of apartments and chalets on Lake Geneva and in the mountains available for foreigners. From SwFr123,000 with liberal mortgages at 6½% interest. MAKE YOUR DEPOSIT NOW! REFUND GUARANTEED if purchase is not completed.
Contact: Globe Plan SA
Av. Mon Repos 24, CH-1005 Lausanne, Switzerland
Tel: (21) 22 35 12 - Telex: 25185 MELIS CH

HOUSTON, TEXAS

PRIME INVESTMENT LAND
22a, 1500 ft frontage Hou-Galveston
Fwy. 3.75/sq ft, $3.6 million total
713-468 5030

Closing prices May 18

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls. 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅜	13¾	AAR	.44	2.2	21	40	20⅞	20⅜	20⅜	
53	31½	ACF	1.40	2.7	142	414	52½	52¼	52⅜	−⅛
25	15½	AMCA	n 1	8.0		2	16⅛	16⅛	16⅛	−⅛
18⅞	13⅞	AMF	.50	3.3		469	15½	15⅛	15⅜	−⅛
41¼	26	AMR Cp			5	4692	31⅛	30⅜	30⅝	−⅞
20⅞	17½	AMR	pf2.18	11		51	20	19⅝	19⅝	
41½	29⅜	AMR	pf2.13	6.6		815	33⅛	32½	32½	−1
28⅛	23	ANR	pf2.67	11.		2	23¼	23¼	23¼	
16¼	8¼	APL			4	10	11¼	11¼	11¼	
55¼	40¼	ARA	2.10	4.7	9	355	44½	44	44½	
75¾	50¼	ASA	3e	4.9		532	61⅞	60¼	61¼	−⅛
33¼	17	AVX	s .32	1.6	15	237	20⅛	19⅝	19⅞	−⅛
53⅛	38¼	AbtLab	1.20	2.8	14	2605	42⅝	41¾	42⅛	−⅞
30¼	23¾	AccoWd	.60	2.2	16	186	27¼	27	27	−½
27½	20	AcmeC	.40	2.0		258	20¼	20½	20½	
13	8⅝	AcmeE	.32b	3.6	25	13	9⅛	9	9	
24⅞	12⅞	AdmDg	.04	.3	7	26	12⅞	d12⅞	12⅞	−⅛
18⅞	15⅞	AdaEx	2.11e	13.		71	16	15⅞	16	+⅛
19¼	11	AdmMl	.20	1.6	6	28	18	17⅞	17⅞	
22	14½	AdvSys	.611	5.4	15	205	14⅝	14¼	14⅞	−⅛
18½	8⅞	Adwest	.12	1.3	11	140	9⅛	8⅞	9	−⅛
37½	22⅛	AMD	s		25	3593	31⅛	30½	31	−½
24⅞	11⅞	Aeflex	s		12	69	12⅛	12⅛	12⅛	+⅛
43½	32⅞	AetnLf	2.64	8.1	17	6199	32⅞	d32	32⅜	−⅛
59⅛	54⅝	AetL	pf5.28e	9.2		59	58	57½	57½	−¼
39	17¼	Ahmns	1.20	6.7	4	1429	18¼	d17¾	18	−⅛
7⅞	3⅝	Aileen				13	3¾	3⅝	3⅝	−⅛
51	36½	AirPrd	1	2.4	10	244	42⅞	42⅛	42⅛	−⅝
30⅜	16	AirbFrt	.60	3.1	11	87	19⅝	19⅛	19¼	−¼

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices May 18

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A-A-A — B-B-B — C-C-C — D-D-D — E-E-E — F-F-F — G-G-G — H-H-H — I-I-I — J-J-J — K-K-K — L-L-L — M-M-M — N-N-N — O-O-O — P-Q — R-R-R — S-S-S

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

R-R-R — S-S-S — T-T-T — U-U-U — V-V-V — W-W-W — X-Y-Z

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD VALUE OF THE POUND

every Tuesday

in the

Financial Times

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, closing prices May 18

[illegible]

Continued on Page 33

CANADA

TORONTO

Closing prices May 18

[illegible]

MONTREAL

[illegible]

BELGIUM/LUXEMBOURG

1984 High	Low	May 18	Price Frs.
1,655	1,220	ARBED	1,670
5,200	4,966	Banq Int A Lux	6,010
4,420	5,105	Bekaert B	4,090
2,440	2,010	Ciment CBR	2,430
323	175	Cockerill	296
5,950	4,800	Delhaize	4,200
2,790	2,290	EBES	2,598
6,990	5,250	Electrobel	5,990
2,425	2,110	Fabrique Nat	2,130
5,595	5,060	GB Inno BM	3,105
2,800	2,300	GBL (Brux)	2,500
3,300	2,970	Gevaert	5,250
6,480	5,000	Hoboken	5,440
2,175	1,805	Intercom	2,175
7,560	6,980	Kredietbank	7,450
10,000	9,020	Pan Hldgs	10,000
8,216	6,010	Petrofina	9,070
9,250	7,320	Royale Belge	2,250
3,500	2,900	Soc. Gen. Banq	3,216
1,230	1,680	Soc. Gen. Belge	1,935
6,840	5,190	Sofina	6,280
4,355	5,680	Solvay	4,250
3,875	3,125	Traction el	3,776
5,440	4,516	UCB	6,030
4,500	3,700	Vieille Mont.	4,050

DENMARK

1984 High	Low	May 17	Price Knr. %
480	325	AarhusOlie	440
362	217	Andelsbanken	240
705	610	Baltic Skand	676
356	207	CopHandelsbank	237
850	600	D. Sukkerfab	662

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

AUSTRIA

[illegible]

HONG KONG

1984 High	Low	May 18	Price H.K.$
29.7	19.9	Bank East Asia	20.8
10.5	8.0	Cheung Kong	0.0
14.5	10.6	China Light	10.7
2.97	1.65	Hang Lung Devel.	2.35
47.0	34.25	Hang Seng Bank	34.5
7.4	6.1	HK Electric	5.2
4.7	5.55	HK Kowloon Wh.	3.35
4.6	2.25	HK Land	2.95
7.75	5.92	HK Shanghai Bk.	6.2
49	35.5	HK Telephone	41.25
19.2	14.1	Hutchison Wpa	14.7
14.3	9.7	Jardine Math.	8.7
4.02	3.00	New World Dev.	3.0
9.27	2.52	Orient O'seas	2.55
4.6	2.65	O'seas Trust Bk.	2.35
6.6	6.4	SHK Props	5.95
81.0	14.0	Swire Pac A	14.8
4.2	3.17	Wheel'k Mard A.	3.2
2.3	1.84	Wheel'k Maritime	1.6
2.6	1.68	World Int. Hldgs.	1.94

NETHERLANDS

1984 High	Low	May 18	Price Fls
216	180	ACF Holding	191.5
146	163	AEGON	129
235	187.8	Alhold	198
123.2	92.5	AKZO	98.1

[illegible]

SWEDEN

[illegible]

SINGAPORE

[illegible]

SWITZERLAND

[illegible]

SPAIN

[illegible]

NORWAY

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

JAPAN

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

[illegible]

GUIDE TO THE ARTS
every Friday in the Financial Times

Indices

NEW YORK — DOW JONES

	May 18	May 17	May 16	May 15	May 14	1984 High	1984 Low	Since Compil'tn High	Since Compil'tn Low
♦Industr'ls.	1133.79	1142.27	1165.16	1150.86	1161.07	1286.64 (6/1)	1130.55 (5/4)	1287.7 (23/11/83)	41.22 (2/7/32)
H'me Bnds	66.36	65.50	65.62	65.38	66.12	71.75 (5/1)	65.19 (14/5)	—	—
Transport.	474.59	488.33	494.24	496.50	499.16	612.63 (9/1)	474.59 (18/5)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	127.31	127.89	129.05	128.66	128.8e	154.68 (6/1)	125.70 (23/2)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	81,270	90,318	89,218	88,250	84,900	—	—	—	—

♦Day's high 1147.82 (1164.10) low 1128.73 (1134.84)

Industrial div. yield %	May 11	May 4	Apr. 27	year ago (approx)
	4.78	4.75	4.72	4.48

STANDARD AND POORS

	May 18	May 17	May 16	May 15	May 14	1984 High	1984 Low	Since Compil'n High	Since Compil'n Low
Industr'ls	175.75	177.75	178.28	173.08	178.43	190.54 (6/1)	174.10 (22/2)	194.84 (10/10/83)	3.52 (30/6/32)
Comp'site	155.78	156.87	157.88	158.00	157.56	169.28 (6/1)	154.29 (25/2)	172.18 (10/10/83)	4.40 (1/6/32)

	May 16	May 9	May 2	year ago (approx)
Industrial div. yield %	4.10	3.99	5.03	6.66
Industrial P/E ratio	12.16	12.28	12.48	15.66
Long Gov. Bond yield	16.33	18.11	12.84	10.54

N.Y.S.E. ALL COMMON

May 18	May 17	May 16	May 15	1984 High	1984 Low
88.56	90.07	90.99	90.90	99.63 (10/1)	90.28 (24/4)

Rises and Falls

	May 18	May 17	May 16
Issues Traded	1,850	2,002	1,991
Rises	211	635	797
Falls	1,097	1,201	744
Unchanged	422	416	450
New Highs	17	17	25
New Lows	104	81	72

TORONTO

	May 17	May 16	May 15	May 10	1984 High	1984 Low
Metals & Minls.	1941.5	1948.1	1974.5	1966.2	2594.4 (12/1)	1941.0 (18/5)
Composite	2242.70	2257.5	2278.5	2284.5	2585.7 (6/1)	2242.7 (18/5)
MONTREAL Portfolio	106.26	106.69	109.84	108.42	[illegible]	[illegible]

NEW YORK ACTIVE STOCKS

Friday

	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Cont Illinois	2,392,800	10¾	−1	El Oata Sy	945,300	37	−1¼
Disney	1,600,500	51	[illegible]	ATT	904,500	15⅝	[illegible]
IBM	1,546,800	109⅝	−1	Aetna Life	619,900	32⅛	[illegible]
Superior Oil	1,522,100	42	[illegible]	Mesa Royalty	795,800	34⅞	[illegible]
Occidental	1,288,000	24¾	−1	Pin Cp Am	778,900	16⅛	[illegible]

	May 18	May 17	May 16	May 15	1984 High	1984 Low
AUSTRALIA All Ord. (1/1/80)	729.8	732.2	725.2	729.5	787.9 (9/1)	718.5 (3/5)
Metal & Minls. (1/1/80)	482.4	481.9	480.1	488.4	587.4 (9/1)	482.4 (18/5)
AUSTRIA Credit Aktien (2/1/62)	54.79	54.82	54.88	54.86	58.21 (2/1)	53.39 (3/4)
BELGIUM Belgian SE (31/12/63)	155.32	155.37	156.28	154.47	158.28 (7/5)	135.29 (4/1)
DENMARK Copenhagen SE (2/1/83)	(c)	186.68	184.77	186.52	225.21 (20/1)	179.53 (26/6)
FRANCE CAC General (31/12/82)	178.3	178.1	177.8	179.8	181.7 (6/4)	165.5 (5/1)
Ind Tendance (30/12/83)	119.9	111.2	111.0	110.6	116.6 (6/4)	98.4 (5/1)

♦♦ Saturday May 12: Japan Nikkei-Dow (c). TSE (c).
Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50, Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Continued from Page 32

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING CONTRACTS

Dew wins £15m work

Following the appointment of G. DEW AND CO, Oldham, as preferred design and build contractor for the new £6m cargo terminal at Manchester international airport, other recent awards bring the value of new contracts to over £15m.

These include a £2m contract at Accrington for Platt Saco Lowell for site demolition and a new factory construction; a £2m contract for a small harbour and marine in the United Arab Emirates; a £500,000 refurbishment contract for the Central Lancashire Development Corporation at Redcar; heavy machine bases and sundry work for Mirrlees Blackstone, Hazel Grove; a £1m office development at Brunswick Square, Oldham; sewering at Hythe for Southern Water, Kent Division, value £1.16m. Other recent contracts won by the piling division are at Knottingley for the British Waterways Board, bearing piles at St Fergus Shell Refinery for Ralph M. Parsons; sheet steel piling at the New British Library in London for Laing and st Paul village, Humberside for Land and Marine.

In the Sultanate of Oman an additional berthing facility is under construction at the Mukallah Naval Base, and Dew are engaged on preparatory works for a fishing harbour at Bayah for the Musandam Development Committee. The company was recently awarded the landscaping contract for the Sultan Qaboos University, valued at £4m, where the main contractor is Cementation International.

*

GILBERT ASH, a Bovis company, part of the P & O Group, has been awarded two projects in Edinburgh, worth in total over £7m, for the Bank of Scotland, and Scottish and Newcastle Breweries. The contract for the Bank of Scotland, is worth £5.1m, and is for a two and three-storey extension to the bank's computer centre. On Sighthill Industrial Estate the extension doubles the size of the complex where eventually up to 600 people will be employed. The exterior resembles the original but will consist of a concrete frame with brick and block infill panels. Floors and roofs are of concrete slab construction except the roof to the computer hall which is structural steel. External walling consists of roughcast panels with a GRP coloured fascia. The project will be completed at the end of January 1986.

The Scottish and Newcastle contract at the Fountain Brewery, Fountainbridge, consists of erection of a palletising and warehousing building, a single-storey racker and de-palletising building, and alterations to the existing four-storey amenity building. Value is £2.3m to finish mid-April 1985.

*

SHEPHERD CONSTRUCTION has secured contracts worth over £7m. Largest of these, in Peterborough, with a contract value of over £2.6m, is a new headquarters for computer software specialists, Peterborough Data Processing Services and its subsidiary Peterborough Software (UK). Site work has begun, for completion in November 1985. In Treforest, Shepherd has a £1.6m contract to build a recreation and community centre at Grangetown, Cardiff, for South Glamorgan County Council. Work has started for completion in September 1985.

In Darlington, Shepherd has two contracts. Fifty-eight homes comprising 43 houses and 15 bungalows are to be built at Coulby Newham, Middlesbrough, for Middlesbrough Borough Council, in a contract worth over £1m, with completion in May 1985. Repairs to fire damage at West Cumberland Hospital, Whitehaven, for Northern Regional Health Authority, will be carried out, with a contract value over £800,000, completion in December. A two-storey catering block, with communal facilities and external works at Huddersfield Technical College, for Kirklees Metropolitan Council, has a contract value over £1m, with completion in June 1985.

*

Work has started by the JOHN E. WILTSHIER GROUP with a total value of £5m. Contracts include fitting out a new store for British Home Stores in Carlisle at about £2.5m which is scheduled for completion in 30 weeks; building a secure unit for H. M. Deerbolt at Barnard Castle for £1m; extensions to Ferryhill Comprehensive School worth £550,000; alterations to police headquarters at Middlesbrough worth £222,000; 30 homes for North Housing Association in Willington Quay amount to £640,000; and stores and offices at Rawdon Leeds for the West Yorkshire Metropolitan County Council valued at £137,000. Wiltshier has been selected to submit a design and build proposal for the new Civic Centre at Mansfield.

CHIVERS
Our business has been building since 1884
21 Estcourt Street, Devizes, Wiltshire SN10 1LL
Tel: 0380 2121. Telex: 449350
CHIVERS
WE CHIVERS & SONS LTD

Longley builds Gatwick transit stations

JAMES LONGLEY AND CO has won contracts at London's Gatwick Airport valued at about £13.5m. The British Airports Authority has awarded construction of the Rapid Transit System stations. The two stations are each worth £3.25m. One will be at the new North terminal and the other on the north side of the existing South terminal next to the British Rail Station. The automatic transit system will carry passengers between the two terminals. Longleys were also awarded the term building and civil engineering airport contract. The term of the contract is for a three year period, worth about £7m.

*

TAYLOR WOODROW CONSTRUCTION has received a contract, worth £3.2m, for an administration office at Babcock Power works in French Street, Renfrew. The block is a concrete-framed, four-storey structure providing 50,000 sq ft of offices in two wings and a central service core, with provision for a future wing extension if required. Elevations of non-load-bearing brickwork using coloured mortars. Construction has started for completion in August 1985.

*

Among work, amounting to £3m, won by MILLER BUCKLEY PARNELL in London, is a £1.7m contract awarded by Dinsdale Development (South East) for a 30,000 sq ft air-conditioned office building in the centre of Watford. The scheme entails a four-storey office building and parking space for 99 cars. Completion is for summer 1985. The GLC has awarded two further contracts to Miller Buckley Parnell, worth over £1m, for refurbishment and renovation on two housing estates in South London, at Friary and Shedwell Gardens Estates.

Company Notices

NESTLÉ S.A.,
Cham and Vevey, Switzerland

1. PAYMENT OF DIVIDEND

Notice is hereby given to shareholders that following a resolution passed at the General Meeting of shareholders held on 17th May 1984, a dividend for the year 1983 will be paid to them as from 21st May 1984, as follows:

per share	SFr. 109.00
less Swiss federal withholding tax of 35%	SFr. 38.15
net	SFr. 70.85

This dividend is payable against delivery of coupon No. 1 for all bearer shares. On the other hand, all dividends payable on registered share certificates without coupons will be paid by bank transfer to the shareholder's account or by way of an assignment in accordance with the instructions received from the shareholder.

The dividends are payable in Swiss Francs. Outside Switzerland Paying Agents will pay against coupons and assignments in local currency at the rate of exchange prevailing on the day of presentation; bank transfers will be effected value 21st May 1984 in local currency at the rate of exchange prevailing on that date.

Coupon No. 1 and assignment may be presented as from 21st May 1984 to the following Paying Agents of the Company:

In Switzerland:
Credit Suisse, Zurich, and its branch offices,
Swiss Bank Corporation, Basle, and its branch offices,
Union Bank of Switzerland, Zurich, and its branch offices,
Swiss Volksbank, Bern, and its branch offices,
Bank Leu Ltd., Zurich, and its branch offices,
Banque Cantonale Vaudoise, Lausanne, and its branch offices and agencies,
Zurcher Kantonalbank, Zurich, and its branch offices,
Berner Kantonalbank, Bern, and its branch offices,
Zuger Kantonalbank, Zug, and its branch offices,
Banque de l'Etat de Fribourg, Fribourg, and its agencies,
Darier & Cie, Geneva,
Lombard, Odier & Cie, Geneva,
Pictet & Cie, Geneva,
Handelsbank N.W., Zurich, and its branch office.

In England:
Swiss Bank Corporation, London,
Credit Suisse, London,
Union Bank of Switzerland, London.

In the United States of America:
Morgan Guaranty Trust Company of New York, New York,
Credit Suisse, New York,
Swiss Bank Corporation, New York,
Union Bank of Switzerland, New York.

In France:
Credit Commercial de France, Paris,
Banque de Paris et des Pays-Bas, Paris.

In Germany:
Dresdner Bank AG, Frankfurt/Main and Düsseldorf.

In Holland:
Pierson, Heldring & Pierson, Amsterdam.

In Austria:
Girozentrale und Bank der österreichischen Sparkassen AG, Vienna.

2. SUBSCRIPTION OFFER

Concerning the subscription rights to newly issued registered and bearer shares, in connection with the increase of the share capital of Nestlé S.A. and Unilac, Inc. at the ratio of one new share for twenty old shares, we should like to refer to a prospectus which will be issued in Switzerland on 30th May 1984. Copies of this prospectus are also available to shareholders at the Paying Agents offices where more detailed information can be obtained.

Cham and Vevey, 17th May 1984 — The Board of Directors

UNILAC, INC.
PANAMA

1. PAYMENT OF DIVIDEND

Notice is hereby given to shareholders that following a resolution passed by the Board of Directors on 19th April 1984 a dividend for the year 1983 at US$ 0.80 per common share will be paid to them as from 21st May 1984. The payment of this dividend will be effected in the same way as for the Nestlé bearer or registered shares to which the Unilac shares are attached in conformity with the Company's Articles of Incorporation, coupon No. 1 and assignment should be presented for payment at the same time as Nestlé S.A. dividend coupon No. 1 or the assignment, as the case may be. This dividend is payable in US dollars. Outside the United States, Paying Agents will pay in local currency at the rate of exchange prevailing on the day of presentation; bank transfers shall be effected in local currency at the rate of exchange prevailing on 21st May 1984.

2. SUBSCRIPTION OFFER

Concerning the subscription rights to newly issued ordinary capital stock of Unilac, Inc. in connection with the increase of registered and bearer share capital of Nestlé S.A. at the ratio of one new share for twenty old shares, we should like to refer to a prospectus which will be issued in Switzerland on 30th May 1984. Copies of this prospectus are also available to shareholders at the Paying Agents offices where more detailed information can be obtained.

Panama City, 17th May 1984 — The Board of Directors

COMMERZBANK AKTIENGESELLSCHAFT

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 18th May, 1984 a Dividend for the year ended 31st December, 1983 will be paid, as from 21st May, 1984 of DM 6.00 per share of DM 50 nominal held, against presentation of Coupon No. 41 of lodgement of new London Deposit Certificates for marking Square No. 4.

All dividend payments will be subject to a deduction of German Capital Yields Tax at 25%.

Coupons and London Deposit Certificates should be lodged with:
S. G. WARBURG & CO. LTD.
Bond Department,
St. Albans House,
Goldsmith Street,
London, EC2P 2DL
from whom appropriate claim forms can be obtained.

Coupons will be paid at the rate of exchange on the day of presentation.

Payment in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of the dividend on the equivalent shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 15% unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agent will, upon request, provide shareholders or their agents with the appropriate form for such recovery.

21st May, 1984 — COMMERZBANK AKTIENGESELLSCHAFT

TOKYO SANYO ELECTRIC CO., LTD.
(CDRs)

The undersigned announces that the Annual Report for the year ended November 30, 1983, of Tokyo Sanyo Electric Co Ltd will be available in Luxembourg at:
Banque Générale du Luxembourg, S.A.,
and further at:
Algemene Bank Nederland N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope N.V.,
Pierson, Heldring & Pierson N.V.,
Kas-Associatie N.V.
Amsterdam, 14 May 1984
AMSTERDAM DEPOSITARY COMPANY N.V.

NOTICE TO BONDHOLDERS
F. L. SMIDTH & CO. A/S
U.S. $20,000,000
9⅝ PER CENT BONDS DUE 1988

Bondholders are hereby informed that the July 1, 1984 Redemption Instalment of U.S.$1,325,000 has been fully satisfied through purchases in the open market, leaving a balance remaining in circulation after this date of U.S.$10,725,000.

THE CHASE MANHATTAN BANK, N.A.
Principal Paying Agent
May 21, 1984

BANCO DE LA NACION
US$25,000,000 Floating Rate Notes due 1986

In accordance with the terms and conditions of the above Notes, notice is hereby given that for the period May 17 1984, to November 16 1984, the Notes will carry an interest rate of 12⅞%. The coupon amount per US$100,000 nominal will be US$6,587.50.

BANQUE INTERNATIONALE A LUXEMBOURG S.A.
Fiscal Agent

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicals, glamorous hostesses, exciting floorshows. 189 Regent St. 01-734 0557.

RAMON'S NIGHTCLUB RESTAURANT, 42 Dean Street, W1. Where today's businessman can relax and enjoy an exciting evening. Various cabaret acts throughout. Charming and discreet dancing partners available. Open nightly 9 pm to 3 am. 01-437 9455

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT
Head Office: The Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstrasse 54. Telex: 416052. Telephone: 7598-157.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

[illegible]

For Share Index and Business News Summary, Telephone 246 8026 (number preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).
All advertising is subject to the publisher's current terms and conditions, copies of which are available on request.

Granville & Co. Limited

Member of NASDIM
27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

Over-the-Counter Market

Capitalisation £000's	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
6,326	Ass. Brit. Ind. Ord.	133	+1	6.4	4.8	7.8	10.2
—	Ass. Brit. Ind. CULS	145	+1	10.0	6.9	—	—
2,589	Airsprung Group	62	+1	6.1	9.8	17.7	17.7
625	Armitage & Rhodes	33	—	—	—	—	—
40,651	Bardon Hill	328	—	7.2	2.2	13.4	27.2
2,815	Bray Technologies	53	—	3.6	6.8	6.2	8.8
2,079	CCL Ordinary	201	—	12.0	6.0	—	—
—	CCL 11pc Conv Pref	152	—	15.7	10.3	—	—
3,176	Carborundum Abrasives	530	—	5.7	1.1	—	—
1,628	Cindico Group	103	—	17.6	17.0	—	—
6,316	Deborah Services	68	—	6.0	8.8	36.4	59.1
14,321	Frank Horsell	221	+1	—	—	8.1	15.2
—	Frank Horsell Pr Ord 87	202	+1	6.7	4.3	8.6	13.9
4,180	Frederick Parker	47	—	4.3	14.8	—	—
664	George Blair	38	+1	—	—	—	—
2,031	Ind Precision Castings	120	—	7.3	14.6	13.8	17.2
17,550	Isis New Fully Pd Ord	2185	—	150.0	6.9	—	—
—	Isis Conv Pref	365	—	17.1	4.7	—	—
6,224	Jackson Group	123	—	4.5	3.7	6.4	12.8
34,780	James Burrough	252	+2	11.4	4.5	13.8	14.3
11,448	Minihouse Holding NV	424	+2	4.2	1.0	30.5	33.4
989	Robert Jenkins	97	—	20.0	20.6	11.2	7.6
2,760	Scruttons "A"	56	—	5.7	10.2	8.2	8.7
1,808	Torday & Carlisle	74	+3	—	—	8.0	16.4
1,984	Trealen Holdings	440	+3	—	—	8.0	8.2
2,826	Unilock Holdings	18	—	1.0	5.6	11.8	17.1
10,709	Walter Alexander	84	+1	6.5	6.1	7.4	9.5
5,718	W. S. Yeates	245	—	17.1	7.0	5.8	11.7

Swire Pacific Limited
Final dividends for the year ended 31st December 1983
Scrip Dividends

The average last dealt prices of the Company's shares on the stock exchanges in Hong Kong on which they are traded, for the five trading days up to and including 18th May 1984 were:

	HK$
'A' shares	14.89
'B' shares	2.47

In a letter to shareholders from the Chairman dated 4th May 1984, it was announced that the recommended final dividends for 1983 of 73.0¢ per 'A' share and 14.6¢ per 'B' share will take the form of scrip dividends to be satisfied by the issue of additional 'A' shares and additional 'B' shares respectively, but that shareholders will be able to elect to receive dividends in cash in respect of all or part of their shareholdings. It was further announced that entitlements to fractional shares will be disregarded and the benefit thereof will accrue to the Company.

Applying the average last dealt prices noted above, the number of new shares which shareholders will receive in respect of their existing shares for which elections to receive cash are not deposited by 25th May 1984 either with the Registrars in Hong Kong, or with the Registrars' Agents in the United Kingdom, will be calculated as follows:

For 'A' shares:
$$\text{Number of new 'A' shares to be received} = \text{Number of existing 'A' shares} \times \frac{0.730}{14.89}$$

For 'B' shares:
$$\text{Number of new 'B' shares to be received} = \text{Number of existing 'B' shares} \times \frac{0.146}{2.47}$$

and will be rounded down to the nearest whole number of new shares, fractional entitlements being disregarded.

Subject to the approval of the recommended final dividends by the shareholders at the annual general meeting of the Company to be held on 25th May 1984, certificates for the new 'A' shares and 'B' shares in respect of the scrip dividends, which will rank pari passu with the existing issued shares of the Company, and warrants for dividends where cash elections have been made, will be despatched to shareholders on 8th June 1984.

By order of the Board
JOHN SWIRE & SONS (H.K.) LIMITED
Secretaries

Hong Kong, 21st May, 1984

Swire Pacific Limited
The Swire Group
Swire House, Hong Kong.

Contracts and Tenders

The Flying Crane
uganda airlines

UGANDA AIRLINES CORPORATION
TENDERS FOR SUPPLY OF AVIATION FUEL

TENDERS are hereby invited from interested Oil Companies for the supply of JET A-1 Aviation fuel to Uganda Airlines in the quantities and at the airports indicated below:—

Airport	*Approximate quantity in American gallons per annum*
ENTEBBE—UGANDA	6,000,000
LONDON-GATWICK—UNITED KINGDOM	1,325,000
STANSTED—UNITED KINGDOM	AD HOC
ROME-FIUMICINO—ITALY	1,000,000
COLOGNE—GERMANY F.R.	265,000
DUBAI—UNITED ARAB, EMIRATES	2,000,000
NAIROBI—KENYA	930,000
DAR-ES-SALAAM—TANZANIA	930,000

Tenders quoting price in U.S. dollars/cents per Gallon/Litre in sealed envelopes clearly marked "TENDERS FOR SUPPLY OF AVIATION FUEL" should be addressed to:

(a) *In Uganda:*
The Corporation Secretary,
Uganda Airlines Corporation,
P.O. Box 5740,
KAMPALA.

(b) *In Kenya & Tanzania:*
The Area Manager,
Uganda Airlines Corporation,
P.O. Box 59732,
NAIROBI, KENYA.

(c) *In United Kingdom and Elsewhere:*
The Area Manager,
Uganda Airlines Corporation,
2 Mill Street,
LONDON W1.

to reach either of them not later than 4th June 1984.

Issued by T. B. Z. SENYONDO,
Corporation Secretary.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Fund	Bid	Offer	+/-	Yield
Amer. Gen. Inc.†	51.8	55.8	....	0.72
Do. Acc†	51.0	55.9	....	0.72
Income*	86.6	94.7xd	....	4.85
Capital Inc.‡	90.3	97.1xd	....	1.41
Do. Acc.‡	114.4	123.1	....	1.41
Exempt‡	208.0	223.0	....	2.95
Intl. Recovery Inc.‡	40.2	43.3xd	....	1.04
Do. Acc.‡	52.6	56.6	....	1.04

Dealing *Tues. ‡Wed. †Thur. Prices May 15/16/17.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4, Melville Cres., Edinburgh 3. 031-226 3492

Fund	Bid	Offer	+/-	Yield
Cres. American	59.7	63.8	....	1.33
Cres. Capital	51.4	55.0xd	-0.3	1.59
Cres. Growth & Inc.	86.2	92.2	-0.5	4.47
Cres. High. Dist.	72.5	77.5xd	-0.4	6.45
Cres. International	132.7	141.9	-1.1	0.98
Cres. Resources	26.3	28.1	-0.1	2.34
Cres. Tokyo	89.7	96.0	-1.6	0.26

INSURANCES

[illegible]

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707 142311

Pension Funds

Fund	Bid	Offer	+/-	
EqPenFdAcc	690.4	724.8	-4.2	—
EurpFdAcc	103.8	109.0	-0.2	—
FxdIntAcc	423.5	445.7	-2.3	—
GtMnPnAcc	259.8	273.1	+0.1	—
IntlManFd	261.2	274.9	-2.0	—
JapPnFdAcc	140.3	147.7	-5.3	—
AmPnFdAc	110.8	125.0	-1.2	—
Property	243.7	256.5	+0.1	—
MpImPnAc	551.0	579.9	-3.9	—

Colonial Mutual Group
24 Ludgate Hill EC4F 4BD. 01-240 9881

Capital Life Assurance

Fund	Bid	Offer	+/-	
HeyInvFd	—	131.09	....	—
PemkrInvFd	—	132.01	....	—
Equty Fd	134.01	141.70	....	—
FxdIntFd	111.72	117.60	....	—
Prooty Fd	114.47	120.40	....	—
Cash Fd	102.91	106.35	....	—
ManagdFd	130.58	137.45	....	—

Col Mut Life (Pension Annuities)

Fund	Bid	Offer	+/-	
ManCpA/B	123.25	130.72	+5.84	—
ManInvA/B	124.64	131.21	+6.99	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

Fund	Bid	Offer	+/-	
VarAnnMay19	—	168.66	-1.90	—
VarAnnMay29	—	36.70	-0.23	—

Prime Series—Life

Fund	Bid	Offer	+/-	
Managed	139.1	146.5	-0.7	—
UK Equity	147.5	153.5	-0.8	—
Intl Eq	120.5	135.3	-1.0	—
Property	108.1	111.7	....	—
Fixed Int	111.1	117.0	-0.7	—
IndxLkdGt	90.9	95.4	+0.2	—
Cash	101.9	107.3	....	—

Prime Series—Pensions

Fund	Bid	Offer	+/-	
Mnaged	107.2	112.0	-1.2	—
UK Equity	111.9	117.8	-1.0	—
Intl Eq	100.7	106.0	-2.3	—
Property	98.1	103.3	+0.3	—
Fixed Int	95.0	100.1	-0.7	—
IndxLkdGt	92.8	97.7	+0.1	—
Cash	97.0	103.1	....	—

Continental Life Assurance PLC
64 High St Croydon CR0 0XN 01-680 8225

Fund	Bid	Offer	+/-	
Equity Acc	189.8	199.9	-5.0	—
Prooty Acc	164.4	173.1	-4.5	—
Int Acc	150.1	158.0	-5.7	—
ManagdAcc	175.3	194.8	-3.3	—
Spec Sits	132.2	159.2	-5.0	—
PenIntAcc	186.1	155.8	-5.4	—
PenPrpAcc	184.0	184.7	-4.6	—
PensEquity	233.5	245.0	-0.4	—

[illegible]

Offshore & Overseas—continued

[illegible]

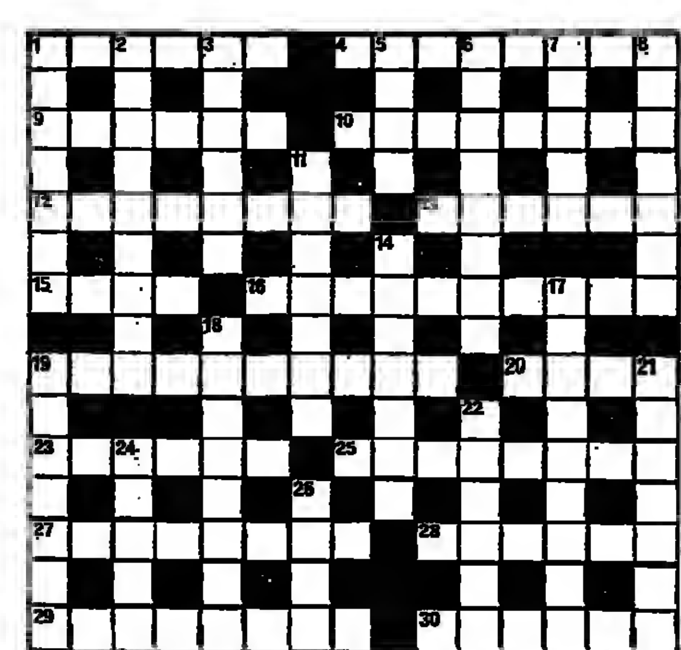
Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

F.T. CROSSWORD PUZZLE No. 5,421



ACROSS

1 Suit the deed (6)
4 Controlling factors (8)
9 With organ study backing, got paid employment (6)
10 A fighting opponent (8)
12 Reckless injunction to keep increasing the rent (8)
13 She has pain from one side to the other (6)
15 Timber trade (4)
18 Paperhanger who mails his account? (4-6)
19 Wild revels of Australian derivation (10)
20 Jacob supplanted him in the wages audit (4)
23 Score confused with a gross (6)
25 Go to pieces and pass a mistake (8)
27 First form (8)
28 Scottish alderman that is after surety (8)
29 He ignores national customs (8)
30 Sets forth in America (8)

DOWN

1 Broken treadle had a warning notice (7)
2 She makes man target (9)
3 Specified period some time in the future (3,3)
5 A mother for one who was motherless (4)
6 He causes trouble in a washing machine perhaps (8)
7 I'd the wrong name for a girl (5)
8 Resident judge? (7)
11 Major city investment (7)
14 Scrap an aged golf-club (3,4)
17 First man to take up a craft (4,5)
18 Sauce required for a formal dinner? (8)
19 Districts of dry hills (7)
21 To economise is of no avail (7)
22 It is involved with a plan that is flexible (6)
24 What one says when taking French leave? (5)
26 Disabled fliers (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum.	136.7	143.9	-0.8	—
Do Initial	130.6	137.3	-0.8	—
Universal Tec. Acc.	85.6	90.2	-1.6	—
Do. Initial	84.5	89.0	-1.6	—
Man. Pens. Accum.	264.5	280.6	....	—
Do Initial	215.8	227.2	....	—
Gilt Edg. Pens. Accum.	216.8	228.3	....	—
Do. Initial	168.8	177.7	....	—
Money Pens. Accum.	197.0	207.4	....	—
Do. Initial	155.6	163.8	....	—

Black Horse Life Ass. Co. Ltd.
246A High St., Chatham 0634 405161

Black Horse Man. Fd.	262.11		....	—
Managed Inc. Fd.	175.37	184.60	....	—
Property Fd.	154.98	163.06	....	—
Fixed Interest Fd.	149.66	157.44	....	—
Cash Fd.	139.26	146.59	....	—
Minibne Fd.	202.57	213.20	....	—
Extra Income Fd.	197.87	208.29	....	—
Worldwide Growth Fd.	230.86	243.02	....	—
Balanced Fd.	204.85	215.63	....	—
Smlr Co's & Recv. Fd	231.02	243.17	....	—
Intl. Technology Fd.	257.55	271.09	....	—
Nth. Amer. & Gen. Fd.	150.97	158.92	....	—
Energy Int. Fd.	113.93	119.93	....	—
Pacific Basin Fund	164.31	172.96	....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	121.4	127.8	-0.7	—
Property	125.7	132.3	+0.2	—
Equity	132.8	139.8	+0.8	—
International	135.6	142.8	-2.4	—
Fixed Interest	105.7	111.3	+0.2	—
Deposit	102.4	107.8	+0.1	—
Managed Pen. Cap.	120.6	126.9	-1.1	—
Property Pens. Cap.	126.5	133.1	+0.2	—
Equity Pens. Cap.	126.9	131.6	+0.6	—
Intnl. Pens. Cap.	139.6	147.0	-3.7	—
Fixed Int. Pens. Cap.	100.3	105.4	+0.1	—
Deposit Pens. Cap.	98.4	103.6	....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth March 1		103.6	....	—
Retmt. Fed. April 6	296.3		....	—
Managed Pen Fund	198.3	208.7	....	—
Property Pen Fund	116.0	122.1	....	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund.	125.2	131.8	-0.7	—
GT Pln High Yld Fnd.	136.8	144.0	+1.4	—
GT Plan Far East Fnd	124.3	130.9	-3.3	—
GT Plan N. Am Fd.	171.1	177.5	+0.1	—
GT Pln UK&G.E. Fnd	159.2	167.6	+1.5	—
GT Pln Wrldwde Fnd	151.7	159.7	-1.4	—
GT Pension Bnd Fnd.	136.6	143.8	-0.9	—
GT Pen High Yld Fd.	158.8	167.2	+1.7	—
GT Pen Far East Fd.	155.4	163.6	-4.5	—
GT Pen N. Am. Fd.	178.5	187.9	+0.1	—
Pen UK and General	186.0	195.8	+1.7	—
GT Pen Worldwide Fd.	162.6	171.2	-1.9	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	174.7	183.9	....	—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		274.3	-0.9	—
Portfolio Fd. Intl.		220.8	-0.9	—

Continued on adjacent Page

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	289.3	304.8	....	—
Money Fd	159.7	168.1	....	—
Equity Fd.	246.4	259.6	....	—
Fixed Int. Fd.	118.5	124.9	....	—
Property Fd	177.4	186.9	....	—
Managed Pen. Fd.	281.1	296.2	....	—
Equity Pension Fd.	182.9	192.7	....	—
Fixed Int. Pen. Fd.	167.7	176.7	....	—
High Yield Pen. Fd.	165.6	175.5	....	—
Money Pension Fd.	133.9	140.9	....	—
Property Pension Fd.	132.9	140.0	....	—
Gresham/Framlington				
American & Gen. Fd.	231.1	243.5	....	—
Income Fd	218.6	230.4	+1.7	—
Int'l. Growth Fd	265.3	279.4	-1.0	—
Capital Fund	230.0	242.4	+2.4	—
Recovery Fund	162.0	170.7	-6.8	—
Japan & Gen Fd	94.6	99.7	-3.0	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	153.7	—	—	—
Landbank Secs.	0.6615	—	—	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.22		-0.03	—

Inv. Adv: U & G. Inv. Mngt., Ltd, London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	16.7	17.4	....	—
Chinese Fund	60.1	62.6	....	—
Precious Metal Fund	137.0	141.3	....	—
Vanguard Cmdty Fd.	28.6	29.8	-1.5	—
Financial Futures Fd.	55.3	57.5	....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rate of NAV increase.

Sumrie CLOTHES
FOR MEN WHO CARE WHAT THEY WEAR

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
19D	19Jun	Exch. 3pc 1984	99	14.5	3.01	8.84
26Mar	26S	Treas 12pc 1984	100	20.2	11.90	9.21
22Aug	22F	Treas. 15pc 1985	103	16.1	14.50	10.02
22S	22Mar	Exch. 12pc Cnv. '85	101	14.2	11.84	10.10
21N	21My	Treas 3pc 1985	94	16.4	3.17	8.73
15Jan	15Jul	Treas 11½pc 1985	100	9.12	11.39	11.15
3Mar	3Se	Treas 8¾pcCnv '85	97	26.1	8.96	10.64
22May	22N	Exch. 12¼pc 1985	101 xd	16.4	12.02	10.79
25Aug	25Fb	Exch. 11¾pc '86	101	19.1	11.59	10.81
11Oct	11Apr	Treas. 10pcCnv 1986	98	5.3	10.16	10.91
19N	19May	Treas 3pc 1986	89	12.4	3.37	9.10
19Mv	19My	Exch. 10½pc Cv '86	99	17.4	10.58	10.93
12Dec	12Jun	Treas 12pc 1986	101 xd	8.5	11.81	11.12
10Ja	10Jul	Treas 8½pc 1984-86‡‡	95	5.12	8.92	11.03
29Ap	29Oc	Exch. 14pc 1986	105	23.3	13.24	11.21
21May	21N	Exch. 2½pc 1986	85	10.4	2.92	8.98
22Jul	22Jan	Exch. 13¼pc 1987	104	16.12	12.70	11.29
10Aug	10Fb	Treas 10¼% Cv '87	97	4.1	11.51	11.30
24Aug	24Feb	Exch 2½pc 1987	83	18.1	2.99	9.29
6Oct	6Apr	Exch. 10½pc 1987	97	1.3	10.74	11.42
1N	1May	Funding 6½pc '85-87‡‡	89	26.3	7.30	10.96
12Dec	12Jne	Treas. 10pc 1987	96 xd	10.5	10.37	11.43
14Jan	14Jly	Treas 3pc 1987	82	8.12	3.65	9.72
3May	3Nov	Treas. 12pc 1987	101	27.1	11.84	11.48
26Jul	26Ja	Treas 7¾pc 1985-88‡‡	89	20.12	8.62	11.15
10Nov	10May	Exch 10½pc '88	97	4.10	10.82	11.43
14Dec	14Jne	Treas 9¾pc Cv '88	94 xd	8.5	10.34	11.57
1Jan	1Jul	Transport 3pc '78-88	77	5.11	3.88	9.81
25Ap	25Oc	Treas. 9½pc '88	93	19.3	10.21	11.54
22Aug	22Fb	Treas 11½pc 1989	99	16.1	11.51	11.51
18Oct	—	Treas 9½pc Cv 89 (£50pd)	47	—	10.23	11.44

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14Dec	14Jun	Treas. 10½pc 1989	95	8.5	10.94	11.59
1Feb	1Aug	Exch. 10pc 1989	97½	—	10.71	11.72
1Feb	1Aug	Do. 10pc '89 A	94	—	10.71	11.75
15Ap	15Oct	Treas 5pc 1986-89	78	9.3	6.39	10.35
15Jly	15Ja	Treas 13pc 1990‡‡	109½	9.12	12.38	11.75
22Se	22Mar	Exch. 12½pc 1990	104	14.2	12.17	11.83
15D	15Jun	Treas 8¼pc 1987-90‡‡	86½ xd	9.5	9.48	11.26
25Ap	25Oc	Treas. 10pcCv 1990	95	—	10.83	11.68
10Jul	10Ja	Treas 11¾pc 1991	103	5.12	11.81	11.84
5Oct	5Apr	Funding 5¾pc '87-91‡‡	77	1.3	7.50	10.61
25Ap	25Oc	Exch. 11pc 1991	97	19.3	11.34	11.61
22Jly	22Jan	Treas 12¾pc 1992‡‡	108	16.12	12.19	11.81
21Ag	21Fb	Treas 10pc 1992	95	16.1	10.78	11.41
25Fb	25Ag	Exch. 12¼pc '92	104	19.1	12.03	11.88
22Mar	22Sp	Exch 13½pc 1992	110	14.2	12.51	11.95
14Ja	14Jy	Treas 12½pc 1993‡‡	108	8.12	12.02	11.77
15Mar	15Sp	Funding 6pc 1993‡‡	73	7.2	8.30	10.78
23May	23N	Treas 13¾pc 1993‡‡	111 xd	17.10	12.38	11.77
Sep	1Mar	Treas 14½pc 1994‡‡	119	24.1	12.50	11.69
27Oct	27Apr	Exch 13½pc 1994	110	21.3	12.34	11.86
22F	22Aug	Exch. 12½pc 1994	107	16.1	12.02	11.81
12May	17N	Treas 9pc 1994‡‡	86	10.4	10.37	11.16
25Jul	25Ja	Treas 12pc 1995	105	19.12	11.82	11.78
1Nov	1May	Gas 3pc '90-95	61	26.3	4.93	8.59
21Jan	21Jly	Exch. 10¼pc 1995	95	15.12	11.14	11.54
15May	15N	Treas 12¾pc 1995‡‡	107	9.4	11.90	11.60
22Jly	22Jan	Treas. 14pc '96	118½	16.12	12.29	11.70
15S	15Mar	Treas 9pc 1992-96‡‡	87	7.2	10.45	11.11
3Nov	3May	Treas 15¼pc 1996‡‡	123	27.3	12.46	11.72
15Nov	15May	Exch 13¼pc 1996‡‡	111	9.4	11.92	11.51
1Ap	1Oc	Redemption 3pc 1986-96	66	24.2	4.57	7.24
22Jul	22Ja	Treas 13¼pc 1997‡‡	116	16.12	11.87	11.47
21Aug	21F	Exch 10½pc 1997	97	16.1	11.11	11.30
1Mar	1Sep	Treas 8¾pc 1997‡‡	85	24.1	10.42	11.07
27Ap	27Oct	Exch. 15pc 1997	122	21.3	12.31	11.72
19Jly	19Jan	Exch. 9¾pc 1998	91½	—	10.86	11.22
1Nov	1May	Treas 6¾pc 1995-98‡‡	71	26.3	9.51	10.82
30Mar	30Sep	Treas. 15½pc '98‡‡	129	22.2	12.21	11.59
20May	20Nv	Exch. 12pc 1998	104 xd	14.10	11.47	11.37
15Jul	15Jan	Treas 9½pc 1999‡‡	92½	9.12	10.65	10.99
26Sp	26Mar	Exch. 12¼pc 1999	108	20.2	11.50	11.33

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
19Nv	19May	Treas. 10½pc 1999	95½ xd	12.4	11.00	11.13
22My	22Nv	Convers'n 10¼pc 1999	93½ xd	16.4	10.96	11.13
14Ja	14Jul	Treas. 13pc 2000	117	8.12	11.52	11.25
22N	22May	Treas. 14pc '98-01	117 xd	16.4	11.92	11.47
22Jul	22Ja	Exch. 12pc '99-02	109	16.12	11.40	11.24
11Apr	11Oct	Conv. 10pc 2002	95	—	10.64	10.75
25Ja	25Jul	Treas. 13¾pc 2000-03	122	19.12	11.67	11.31
19S	19Mar	Treas. 11½pc 2001-04	106½	13.2	11.00	10.90
14Ja	14Jul	Funding 3½pc '99-04	47	8.12	7.56	9.56
21May	21N	Treas. 12½pc 2003-05	113 xd	16.4	11.04	10.85
5Apr	5Oct	Treas. 8pc 2002-06‡‡	80	1.3	10.02	10.32
22Jly	22Jan	Treas. 11¾pc 2003-07	111	16.12	10.95	10.83
26Sp	26Mar	Treas. 13½pc '04-08	123	20.2	11.14	10.87
10Mar	10S	Treas. 5½pc 2008-12‡‡	59	8.84	9.42	9.89
26Jly	26Jan	Treas. 7¾pc 2012-15	80	20.12	9.95	10.08
12Jun	12Oct	Exch. 12pc '13-'17	114½ xd	15.3	10.41	10.34

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Feb	1Aug	Consols 4pc	39	28.12	10.45	—
1Jun	1Dec	War Loan 3½pc‡‡	34 xd	25.4	10.26	—
1Apr	1Oct	Conv. 3½pc '61 Aft.	44	24.2	8.00	—
5Ap	5Oct	Treas. 3pc '66 Aft.	29	1.3	10.35	—

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

DAI-ICHI EUROPE LIMITED

For

EQUITIES & BONDS

Durrant House, 8-13, Chiswell Street,
London EC1Y 4TQ
Telephone: 01 588 4872
Telex: 883336 ICHILD

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

...and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+/-
Albany Inv 20p	80	−2
Craig & Rose £1	800	......
Finlay Pkg. 5p	47	−3
Higsons Brew.	90	−7
Holt (Jos) 25p	800xd	......
IoM Stm. £1	137	−5
IRISH		
Exch. 7¾% 1985	£99	......
Nat. 9¾% 84/89	£88⅞	......
Fin. 13% 97/02	£93½	......
Alliance Gas	70	......
Arnott	233xd	+3½
CPI Hldgs.	85	......
Carrol Inds.	138	−5
Hall (R. & H.)	65	−2
Heiton Hldgs.	24	......
Irish Ropes	43	......
Jacob (W.& R.)	67	+4
TMG	50	......
Unidare	83	......

OPTIONS — 3-month call rates

Stock	Rate
Industrials	
Allied-Lyons	15
BOC Grp	27
BSR	26
Babcock	17
Barclays Bank	45
Beecham	32
Blue Circle	40
Boots	16
Bowaters	25
Brit Aerospace	20
BAT	15
Brown (J.)	3
Burton Ord.	22
Cadburys	11
Comm Union	16½
Courtaulds	11
Debenhams	14
Distillers	22
Dunlop	5
FNFC	6¼
Gen Accident	42
Gen Electric	16
Glaxo	70
Grand Met	30
GUS 'A'	55
Guardian	50
GKN	20
Hanson Tst.	17p
Hawker Sidd	38
Hse of Fraser	26
ICI	42
'Imps'	12
ICL	7½
Ladbroke	23
Legal & Gen.	45
Lex Service	40
Lloyds Bank	50
'Lofs'	3
Lucas Inds	18
'Mams'	14
Marks & Spcr	20
Midland Bk	36
NEI	10
Nat West Bk	60
P & O Dfd	25
Plessey	20
Racal Elect	18
RHM	8
Rank Org Ord	24
Reed Intnl	40
Sears	8
TI	22
Tesco	16
Thorn EMI	55
Trust Houses	18
Turner Newall	10
Unilever	75
Vickers	14
Woolworth Hldg.	50
Property	
Brit Land	11
Cap Counties	16
Land Secs	25
MEPC	25
Peachey	17
Samuel Props	12
Sterling Guar.	4
Oils	
Brit. Oil & Min.	9
Brit Petroleum	35
Burmah Oil	12
Charterhall	9
Premier	6
Shell	55
Tricentrol	20
Ultramar	60
Mines	
Charter Cons	24
Cons Gold	58
Lonrho	12
Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

LEISURE

INSURANCES

MOTORS, AIRCRAFT TRADES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

MINES

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

One problem or another

BY COLIN MILLHAM

The dollar, sterling and the Swiss franc were the firmest major currencies last week. The Swiss franc was seen as something of a haven at a time when most other currencies were suffering from one problem or another. Strikes in major parts of German industry by engineering workers overhung the D-mark, although the major impact of this had already taken place before the disruption began, and the final result was fairly limited. Lack of demand for the D-mark does have the advantage of keeping the European Monetary System ticking over quietly however, as pressure stays off the potentially weaker currencies such as the Belgian franc.

At one time it was feared the German Bundesbank would raise its discount or Lombard rates, but in the event the central bank intervened heavily enough to deter the market from pushing the D-mark down very far against the dollar, and rates were left unchanged.

In Tokyo the Japanese yen fell to its lowest level for three months, prompting intervention by the Bank of Japan as the currency suffered from fears that oil supplies from the Gulf, which are vital to Japan, may be disrupted by the attacks on shipping caught up in the war between Iran and Iraq.

Sterling was firm, with the trade-weighted index rising to 80.4 from 80.0. In a similar way to he D-mark the NUM strike tended to undermine confidence in the pound, but this was again limited by suggestion of behind the scenes efforts to resolve the dispute. The April Public Sector Borrowing Requirement and another depressing factor as far as confidence was concerned, but the major influence was the war between Iran and Iraq. This pushed up the price of North Sea oil on the spot market, and increased the value of sterling on the foreign exchanges.

Central bank intervention prevented another sharp rise by the dollar, the U.S. interest rates had a softer tone, partly because of the rescue of Continental Illinois National Bank. But the strong support for Continental Illinois by the other U.S. commercial banks and the Federal Reserve helped confidence at the end of the week, while the dollar was also supported by expectations U.S. interest rates will remain generally firm. This view was underlined by a larger than expected rise in U.S. M1 money supply.

£ in New York

	May 18	Prev. close
Spot	$1.3875-3885	$1.3900-3910
1 month	0.24-0.26 dis	0.25-0.26 dis
3 months	0.84-0.87 dis	0.85-0.88 dis
18 months	3.65-3.70 dis	3.62-3.57 dis

£ forward rates are quoted in U.S. cents discount.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.3870	1.3896	1.3956	1.4047	1.4237
D-Mark	3.85	3.8396	3.8177	3.7865	3.7226
French Franc	11.8050	11.8372	11.9012	12.0292	12.2708
Swiss Franc	3.1650	3.1503	3.1220	3.0782	2.9968
Japanese Yen	323.75	322.99	321.43	318.48	313.29

THE POUND SPOT AND FORWARD

May 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3850-1.3930	1.3865-1.3875	0.24-0.26c dis	−2.16	0.84-0.88dis	−2.48
Canada	1.7940-1.8050	1.7955-1.7965	0.24-0.33c dis	−1.90	0.97-1.07dis	−2.27
Nethlnd.	4.31½-4.35¼	4.32¼-4.33¼	1¼-⅞c pm	2.85	3⅝-3⅛ pm	3.12
Belgium	78.00-78.60	78.05-78.15	12-18c dis	−2.30	42-51 dis	−2.38
Denmark	14.05-14.13¾	14.05½-14.06½	1½-2½ore dis	−1.54	5½-6½ dis	−1.69
Ireland	1.2506-1.2545	1.2505-1.2516	0.25-0.35p dis	−2.88	0.81-0.98dis	−2.86
W. Ger.	3.83¾-3.87¾	3.84½-3.85½	1⅛-1pf pm	3.51	3⅛-3 pm	3.25
Portugal	194.00-196.25	194.75-195.25	75-220c dis	−9.08	400-825dis	−12.56
Spain	214.06-216.10	214.40-214.60	115-140c dis	−7.13	375-400 dis	−7.23
Italy	2365-2380½	2365½-2367½	11-14lire dis	−0.34	37-40 dis	−0.51
Norway	10.89-10.97¾	10.91¾-10.92¾	3½-4½ore dis	−4.16	9½-10½ dis	−3.66
France	11.78¾-11.88	11.80-11.81	2⅝-3⅝c dis	−3.19	9-10¾ dis	−3.28
Sweden	11.21½-11.32½	11.24-11.25	1½-2½ore dis	−2.20	4½-4¾ dis	−1.58
Japan	322¾-326¼	323¼-324¼	0.75-0.67y pm	2.63	2.35-2.23 pm	2.83
Austria	27.00-27.22	27.05-27.10	5⅞-4⅛gro pm	2.19	17⅞-13½ pm	2.26
Switz.	3.15½-3.19	3.16-3.17	1⅝-1⅛c pm	5.45	4⅝-4 pm	5.29

Belgian rate is for convertible francs. Financial franc 79.05-79.15. Six-month forward dollar 1.75-1.80c dis. 12-month 3.62-3.72c dis.

BANK OF ENGLAND TREASURY BILL TENDER

	May 18	May 11		May 18	May 11
Bills on offer	£100m	£100m	Top Accepted rate of discount	8.8843%	8.8843%
Total of applications	£555.09m	£366.6m	Average rate of discount	8.8564%	8.8843%
Total allocated	£100m	£100m	Average yield	9.06%	9.08%
Minimum accepted bid	£97.785	£97.785	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	5%	82%			

THE DOLLAR SPOT AND FORWARD

May 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3850-1.3930	1.3865-1.3875	0.24-0.26c dis	−2.16	0.84-0.88dis	−2.48
Ireland†	1.1060-1.1100	1.1060-1.1070	0.08-0.03c pm	0.59	0.14-0.04 pm	0.32
Canada	1.2945-1.2965	1.2950-1.2955	0.04-0.02c pm	0.28	0.87-0.05 pm	0.18
Nethlnd.	3.1150-3.1205	3.1185-3.1205	1.40-1.30c pm	5.20	4.45-4.30 pm	5.62
Belgium	56.28-56.88	56.28-56.30	½-2c dis	−0.27	3 pm-par	0.11
Denmark	10.13½-10.15	10.13½-10.14	0.70-0.30ore pm	0.59	2.20-1.80 pm	0.79
W. Ger.	2.7690-2.7800	2.7730-2.7740	1.28-1.23pf pm	5.43	3.98-3.93 pm	5.71
Portugal	140.40-141.00	140.50-141.00	30-130c dis	−6.82	200-500 dis	−9.95
Spain	154.55-154.75	154.60-154.70	57-67c dis	−4.81	180-200 dis	−4.91
Italy	1706-1709¼	1706-1707	6-6½lire dis	−4.39	16¼-17¼ dis	−3.93
Norway	7.8550-7.8750	7.8760-7.8750	1.10-1.40ore dis	−1.91	1.70-2.00dis	−0.94
France	8.5000-8.5350	8.5110-8.5160	0.55-0.95c dis	−1.06	1.40-1.90dis	−0.77
Sweden	8.1050-8.1225	8.1050-8.1100	0.45-0.25ore pm	0.52	2.25-2.05 pm	1.06
Japan	232.90-233.90	233.20-233.30	0.99-0.95y pm	4.99	3.11-3.07 pm	5.30
Austria	19.48-19.52	19.49-19.50	7.40-6.90gro pm	4.40	24.5-22.5 pm	4.82
Switz.	2.2760-2.2880	2.2790-2.2800	1.52-1.42c pm	7.74	4.52-4.42 pm	7.85

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.00-57.10.

OTHER CURRENCIES

May. 18	£	$		£ Note Rates
Argentina Peso	56.81-66.96	40.05-41.01	Austria	26.90-27.80
Australia Dollar	1.5506-1.5525	1.1180-1.1186	Belgium	78.70-79.50
Brazil Cruzeiro	2,088.2-2,100.8	1,505-1,513	Denmark	14.00-14.14
Finland Marka	8.0800-8.1025	8.8400-5.8450	France	11.75-11.87
Greek Drachma	151.00-151.40	108.65-108.95	Germany	3.83-3.87
Hong Kong Dollar	10.849-10.8655	7.8165-7.8186	Italy	9560-2390
Iran Rial	122.75*	88.56*	Japan	322-327
Kuwait Dinar(KD)	0.40985-0.41010	0.29525-0.29535	Netherlands	4.30½-4.34½
Luxembourg Fr.	78.05-78.16	56.28-56.50	Norway	10.87-10.98
Malaysia Dollar	3.2040-3.2118	2.3085-2.3100	Portugal	191-199
New Zealand Dlr.	2.1470-2.1620	1.5480-1.5506	Spain	207½-217½
Saudi Arab. Riyal	4.8850-4.8906	3.5210-3.5220	Sweden	11.21-11.58
Singapore Dollar	2.9210-2.9345	2.1090-2.1105	Switzerland	3.14¾-3.17¾
Sth African Rand	1.7885-1.7905	1.2925-1.2910	United States	1.36-1.40
U.A.E. Dirham	5.0945-5.1000	3.6720-3.6730	Yugoslavia	189-215

* Selling rates.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.5692	+1.49	+1.43	±1.5447
Danish Krone	8.14104	8.21369	+0.89	+0.83	±1.6425
German D-Mark	2.24184	2.24473	+0.13	+0.07	±1.0642
French Franc	6.87456	6.89255	+0.26	+0.20	±1.4052
Dutch Guilder	2.52595	2.52229	−0.14	−0.20	±1.4964
Irish Punt	0.72569	0.730284	+0.63	+0.57	±1.6699
Italian Lira	1403.49	1382.15	−1.52	−1.52	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

May. 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	80.4	−10.2
U.S.dollar	132.0	+20.2
Canadian dollar	88.0	−5.1
Austrian schilling	114.8	+5.7
Belgian franc	80.8	−11.6
Danish kroner	77.8	−6.5
Deutsche mark	124.6	+7.4
Swiss franc	146.4	+11.1
Guilder	114.4	+4.3
French franc	66.6	−15.7
Lira	48.2	−13.1
Yen	187.7	+13.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.747086	0.582875
U.S. $	9	1.03718	0.808037
Canadian $	11.63	*	1.04713
Austria Sch	4¼	n/a	16.7729
Belgian Fr	11	58.4347	45.5692
Danish Kr	7	n/a	8.21562
D'mark	4	2.87510	2.24473
Guilder	5	3.23837	2.52229
French Fr	9½	8.84358	6.89255
Lira	15½	1772.02	1382.15
Yen	5	242.496	189.636
Norwgn Kr	8	8.15465	6.36612
Spanish Pta	—	160.348	124.998
Swedish Kr	8½	8.41983	6.56368
Swiss Fr	4	2.36085	1.84491
Greek Dr'ch	20½	112.775	88.0194

* CS/SDR rate for May 17: 1.34626

EXCHANGE CROSS RATES

May 18	Pound St'rling	U.S. Dollar	Deusche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.387	3.850	323.8	11.805	3.165	4.320	2367.	1.796	78.10
U.S. Dollar	0.781	1.	2.774	233.3	8.514	2.280	3.120	1707.	1.295	56.28
Deutschemark	0.260	0.360	1.	84.08	3.066	0.822	1.124	614.7	0.466	20.29
Japanese Yen 1,000	3.089	4.284	11.89	1000.	36.46	9.776	13.37	7310.	5.547	241.2
French Franc 10	0.847	1.175	3.261	274.2	10.	2.681	3.666	2005.	1.521	66.16
Swiss Franc	0.316	0.438	1.216	102.5	3.750	1.	1.367	747.7	0.567	24.68
Dutch Guilder	0.231	0.321	0.890	74.81	2.736	0.731	1.	546.9	0.415	18.05
Italian Lira 1,000	0.423	0.586	1.627	136.8	4.988	1.337	1.829	1000.	0.758	33.00
Canadian Dollar	0.557	0.772	2.144	180.3	6.573	1.762	2.410	1318.	1.	43.49
Belgian Franc 100	1.280	1.776	4.930	414.6	15.12	4.052	5.541	3030.	2.300	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 10-10⅛ per cent; seven days 10⅛-10¼ per cent; one month 10¾-11⅛ per cent; three months 11⅜-11½ per cent; six months 12⅛-12¼ per cent; one year 12⅝-12¾ per cent. Long-term Eurodollars two years 13¼-13⅜ per cent; three years 13⅝-13¾ per cent; four years 13¾-14 per cent; five years 14-14¼ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

U.S. events spread their influence

Interest rates eased last week as events in New York and Chicago spread their influence across the Atlantic. The rise in clearing bank base rates earlier this month was in reaction to the strong upward pressure on U.S. rates, and the reversal of this process has taken the pressure off London rates.

At the beginning of the week there was considerable nervousness that base rates would have to rise to at least 9½ per cent very soon, but this was largely a reaction to three-month Eurodollar rates of around 12 per cent, which have since eased.

There have been some strong distorting influences on U.S. rates recently, and this has tended to create thin nervous conditions, particularly in the important U.S. bond market.

Interest rates were first pressured upwards by the disappointing reaction to the programme of U.S. Treasury auctions held the previous week, where yields rose sharply. At that time rumours about the problems of a major U.S. bank was also tending to push rates higher, but the eventual disclosure that Continental Illinois National Bank and Trust was in difficulties and required a major rescue package prompted the opposite reaction. The very large amount of money borrowed through the Federal Reserves discount window by Continental Illinois, as nervous depositors, removed funds, had a strong impact on the Federal funds overnight rate by pumping extra liquidity into the money market. It was also suspected the Federal Reserve was refraining from draining liquidity, and keeping interest rates lower than would have been the case, if it had not been for the problems of the eighth largest bank in the U.S.

This is only likely to have a short-term impact, however, and the Federal Reserve will probably tighten its credit stance in the not too distant future as economic growth and money supply move ahead. Thursday's rise of $4.9bn in weekly M1 money supply had a limited impact because attention was so firmly focused on Continental Illinois, but further large increases are expected this month, while nearly all the economic statistics point to very fast expansion.

If the Federal Reserve moves to control these forces, then the present respite on interest rates will be short lived, and the recent fears in London, compounded by the latest PSBR figure, which encouraged the discount houses to sell as much of their longer-dated paper as possible, may soon return.

MONEY RATES

May 18	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	11⅛	1-2	5¾-5⅞	6.78125	16⅛-16⅞	7.55	11⅞-11⅞
One month	5.75-5.90	11⅞-12⅛	3⅛-3⅝	5⅞-6⅛	6.15625	16⅛-16⅞	11½-11¾	11¾-12
Two months	5.90-6.05	12-12⅛	—	—	—	—	—	12⅛-12⅝
Three months	6.05-6.20	12⅛-12⅞	3⅝-3¾	6⅛-6¼	6.28125	16⅝-17	11⅝-11⅞	12¼-12½
Six months	6.20-6.35	12¼-12⅝	—	6⅛-6⅜	—	—	11¾-12	12½-12¾
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¾	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

May 18 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	4-10	6-8¼	7-8¾	4-8½	—	—	—	—	—
2 days notice	—	—	8⅛-8¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8⅛-9	8⅛-8⅞	8½-8¼	7¾-8½	—	—	—	—	—
One month	8¾-8⅞	8⅞-9	8¾	9⅛-8¼	8⅝-8¾	8¾-8⅞	8½-8⅝	8⅞	8⅝	9⅛
Two months	9⅛-8⅞	8⅞-9⅛	9	8⅝	8⅞	8⅞	8⅞-8⅞	8⅞	8⅞	9⅜
Three months	8⅞-8⅞	9⅛-9⅛	9¼	9½	9	8⅞	8⅞-8⅞	8⅞	8⅞	9⅜
Six months	9⅛-9½	9⅛-10	9⅜	—	—	—	—	9⅛-9½	9⅛	10⅛
Nine months	9⅞-9¾	9⅞-10⅛	9¾	—	—	—	—	—	—	—
One year	9⅞-9⅞	10⅛-10⅛	10⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅛-8¼	—	9⅛	10.85-10.75	9⅛-9⅛	8⅞-9
Two months	9⅝-9⅛	—	9	11.15-11.25	9⅛-9⅛	9-9⅛
Three months	8¾-9⅛	—	9⅜	11.4-11.5	9⅛-10⅛	9⅛-9⅜
Six months	9⅛-9⅛	—	9⅞	12.05-12.15	10¼-10⅛	8⅝-9⅛
Nine months	10⅛-10¼	—	10⅛	12.2-12.4	—	—
One year	10⅛-10¼	—	10¼	12.5-12.6	10⅛-10⅛	10⅛-10⅛
Two years	—	10⅝	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11¼	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate of interest period April 4 to May 1 1984 (inclusive): 8.934 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9 per cent from May 1, 1984. London and Scottish Clearing Bank Rates for lending 9-9¼ per cent. London Deposit Rate for sums at seven days' notice 5¼-6 per cent. Treasury Bills: Average tender rates of discount 8.8564 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 9¼ per cent; one-three months 9¼ per cent; three-six months 9¼ per cent; six-nine months 10 per cent; nine-12 months 10¼ per cent. Under £100,000 9 per cent from May 10. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

NEW YORK (4 pm)

Prime rate	12½
Broker loan rate	11¾-11½
Fed funds	9½
Fed. Funds at intervention	9½

Treasury Bills

One month	8.45
Two month	8.30
Three month	9.79
Six month	10.24
One year	10.57

Treasury Bonds

Two year	99¾
Three year	99⅞
Four year	97⅞
Five year	94⅝
Seven year	95⅜
10 year	95⅝
30 year	96⅞

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. May 18)

3 months U.S. dollars: bid 11 3/4 | offer 11 7/8

6 months U.S. dollars: bid 12 5/16 | offer 12 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	88.18	88.20	87.98	88.17
Sept	87.36	87.40	87.15	87.40
Dec	86.89	86.93	86.63	86.96
March	86.52	86.56	86.32	86.60
June	86.21	86.21	86.00	86.25

Volume 6,162 (5,567)
Previous day's open int. 14,263 (14,599)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	90.67	90.70	90.50	90.67
Sept	90.08	90.08	89.98	90.11
Dec	89.57	89.57	89.47	89.61
March*	89.13	89.13	89.06	89.14
June*	88.73	—	—	88.74

Volume 1,585 (1,478)
Previous day's open int. 8,539 (8,452)
* £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	103-27	104-00	103-17	104-13
Sept	103-07	103-07	103-00	103-26
Dec	102-22	—	—	103-08
March	102-10	—	—	102-28
June	101-31	—	—	102-17

Volume 3,746 (2,834)
Previous day's open int. 6,833 (6,768)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 20 to 32 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.3905	1.3925	1.3889	1.3995
Sept	1.3995	—	—	1.4085
Dec	1.4090	—	—	1.4175

Volume 81 (116)
Previous day's open int. 2,819 (2,793)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3621	0.3622	0.3612	0.3648
Sept	0.3674	0.3674	0.3670	0.3701

Volume 68 (961)
Previous day's open int. 658 (445)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4410	0.4410	0.4402	0.4422
Sept	0.4499	0.4499	0.4485	0.4510

Volume 41 (5)
Previous day's open int. 1,387 (1,388)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4302	0.4302	0.4293	0.4320
Sept	0.4363	—	—	0.4378

Volume 7 (119)
Previous day's open int. 291 (303)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	108.15	108.60	107.50	109.10
Sept	107.85	108.70	107.50	109.55
Dec	109.50	110.10	108.00	110.90

Volume 516 (406)
Previous day's open int. 519 (547)

CHICAGO

U.S. TREASURY BOND (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	62-01	62-11	61-19	61-19
Sept	61-12	61-22	60-30	60-30
Dec	60-29	61-05	60-14	60-16
March	60-18	60-27	60-06	60-05
June	60-10	60-18	60-04	59-30
Sept	60-04	60-13	60-02	59-24
Dec	59-31	60-06	59-29	59-19
March	59-27	60-02	59-16	59-15

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
June	89.69	89.72	89.60	89.59
Sept	88.89	88.92	88.82	88.82
Dec	88.47	88.50	88.42	88.41
March	88.15	88.16	88.11	88.11
June	87.92	87.93	87.88	87.85
Sept	87.72	87.72	87.65	87.64
Dec	87.54	87.54	87.46	87.45
March	87.37	87.37	87.29	87.29

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
June	88.42	88.43	88.13	88.22
Sept	87.94	87.95	87.40	87.48
Dec	87.15	87.18	86.92	87.02
March	86.78	86.79	86.60	86.65

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
June	87.99	88.02	87.72	87.80
Sept	87.18	87.21	86.93	87.03
Dec	86.69	86.70	86.46	86.56
March	85.31	85.33	88.13	86.16
June	86.00	86.00	85.89	85.88

STERLING (IMM) $s per £

	Close	High	Low	Prev
June	1.3905	1.3920	1.3885	1.3970
Sept	1.3985	1.4018	1.3970	1.4060
Dec	1.4085	1.4100	1.4080	1.4150
March	1.4175	1.4190	1.4150	1.4240

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	66-11	66-22	66-06	66-09
Sept	65-01	65-11	64-30	65-01
Dec	64-01	64-08	63-31	64-01
March	63-07	63-14	63-06	63-07
June	62-18	—	—	62-18
Sept	62-01	—	—	62-01
Dec	61-20	61-27	61-17	61-20

WEEKLY CHANGE IN WORLD INTEREST RATES

	May 18	change
LONDON		
Base rates	9-9¼	Unch'd
7 day interbank	9⅛	+⅛
6 mth interbank	9¾	−⅛
Treasury Bill Tender	8.8564	−0.0279
Band 1 Bills	9⅛	Unch'd
Band 2 Bills	9	Unch'd
Band 3 Bills	8⅞	Unch'd
3 Mth. Treasury Bills	8⅞	−⅛
1 Mth. Bank Bills	9⅛	−⅛
3 Mth. Bank Bills	8⅞	−⅛
TOKYO		
One month Bills	6.15686	+0.0625
Three month Bills	6.28136	+0.0625
BRUSSELS		
One month	11½	−⅛
Three month	11¾	−⅛
AMSTERDAM		
One month	5¾	−⅛
Three month	6⅛	Unch'd
NEW YORK		
Prime rates	12½	Unch'd
Federal funds	9¼	−1⅛
3 Mth. Treasury Bills	9.86	−0.08
6 Mth. Treasury Bills	10.28	Unch'd
3 Mth. C D	11.86	−0.30
FRANKFURT		
Lombard	5.50	Unch'd
One Mth. Interbank	5.885	−0.025
Three month	6.188	+0.025
PARIS		
Intervention Rate	11¾	Unch'd
One Mth. Interbank	12	−⅛
Three month	12⅛	Unch'd
MILAN		
One month	16¾	+⅛
Three month	16½	+⅛
DUBLIN		
One month	11⅞	−⅛
Three month	12⅛	Unch'd

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 8⅞.

S.F.E. INTERNATIONAL N.V.
U.S. $70,000,000
Guaranteed Floating Rate Notes Due 1988
Guaranteed by
Société Financière Européenne - S.F.E. Luxembourg
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 21st May, 1984 to 21st November, 1984 has been fixed at 12⅝ per cent per annum and that the coupon amount payable on coupon No. 6 will be U.S.$321·04.
The Sumitomo Bank, Limited
Agent Bank

U.S.$15,000,000
THE FUJIKURA CABLE WORKS, LTD.
(Fujikura Densen Kabushiki Kaisha)
(Incorporated with limited liability in Japan)
GUARANTEED FLOATING RATE NOTES DUE 1987
FIWCC
unconditionally and irrevocably guaranteed as to payment of principal and interest by
THE MITSUI BANK, LIMITED
(Kabushiki Kaisha Mitsui Ginko)
(Incorporated with limited liability in Japan)
In accordance with the provisions of the Notes and Agent Bank Agreement between The Fujikura Cable Works, Ltd., The Mitsui Bank, Limited and Citibank, N.A., dated May 7, 1980, notice is hereby given that the Rate of Interest has been fixed at 12 7/16% pa and that the interest payable on the relevant Interest Payment Date, November 20, 1984, against Coupon No. 9 in respect of US$5,000 nominal amount of the Notes will be US$321.04.
May 21, 1984, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

COMMODITY PERSPECTIVE™
America's leading Futures Charting Service
NOW AVAILABLE IN U.K. ON MONDAYS
for details Please telephone 01-789 9462 or write to Commodity Perspective International 36 Lytton Grove, London SW15 2EZ

This announcement appears as a matter of record only.
U.S. $100,000,000
CREDITANSTALT-BANKVEREIN
(Incorporated with limited liability in the Republic of Austria)
13⅛ PER CENT. SUBORDINATED NOTES DUE 1991
ISSUED AT 99¾ PER CENT.
CHASE MANHATTAN CAPITAL MARKETS GROUP
EUROPEAN BANKING COMPANY LIMITED — MANUFACTURERS HANOVER LIMITED
MERRILL LYNCH CAPITAL MARKETS — MORGAN STANLEY INTERNATIONAL
S. G. WARBURG & CO. LTD.
AMRO INTERNATIONAL LIMITED — BANQUE BRUXELLES LAMBERT S.A. — BANQUE NATIONALE DE PARIS
BANQUE PARIBAS — BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT — COMMERZBANK AKTIENGESELLSCHAFT
DEUTSCHE BANK AKTIENGESELLSCHAFT — LEHMAN BROTHERS KUHN LOEB INTERNATIONAL, INC. — SAMUEL MONTAGU & CO. LIMITED
MORGAN GUARANTY LTD — ORION ROYAL BANK LIMITED — SALOMON BROTHERS INTERNATIONAL LIMITED
SOCIÉTÉ GÉNÉRALE — SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.
SWISS BANK CORPORATION INTERNATIONAL LIMITED
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED
MAY, 1984

Today's Rates 10¼%-11%
3i Term Deposits
Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid half-yearly. Rates for deposits received not later than 1.6.84 are fixed for the terms shown:
Terms (years)	3	4	5	6	7	8	9	10
Interest %	10¼	10¼	10½	10½	11	11	11	11
Deposits to and further information from The Treasurer, Investors in Industry Group plc, 91 Waterloo Road, London SE1 8XP (01-928 7822 Ext. 367). Cheques payable to "Bank of England, a/c Investors in Industry Group plc".
3i INVESTORS IN INDUSTRY

Imperial Life (U.K.) Limited
Imperial Life House, London Road, Guildford, Surrey GU1 1TA
0483 571255
The unit prices of the ten funds comprising the Imperial Investment Portfolio of Imperial Life (U.K.) Ltd. (inception date 1st February 1984) were as follows on the date shown:
	Offer	Bid
Managed Fund	107.5	102.1
UK Equity Fd	120.0	114.0
Property Fd	114.8	109.1
Gilt-Edged Fd	100.2	95.2
Money Mkt Fd	101.3	96.3
Ind-Link Gilt Fd	99.0	94.0
Intl Equity Fd	106.8	101.5
N America Fd	95.4	90.6
Japan Fd	112.1	106.5
High Yield Fd	107.2	101.9
Prices at as 21st May 1984.
IMPERIAL LIFE

هكذا من الأصل